

PRACTICAL GUIDE

Marque

Reducing the Valuation Discount, and Why You Need to *Manage Your Brand*

What to do to close the avoidable gap before you sell

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OVERVIEW

Executive Summary

UK small and medium-sized enterprises routinely sell for less than the economics of the business would justify. The survey evidence is blunt: a third of owners do not know what their business is worth, and a third of those who do believe it is currently undervalued. The transaction data confirms the pattern. Across matched-transaction and event studies, private companies change hands at discounts of roughly 15 to 30 per cent against comparable listed firms, with UK practitioner sources citing wider ranges still.

The useful news is that most of the discount is not fixed. A portion is structural, the unavoidable cost of being a private, illiquid business in a thin market. The larger share is avoidable, and it responds to deliberate work in the 12 to 36 months before a sale. This guide sets out where the discount comes from and then, in practical terms, what to do about it: the work an owner can lead directly, and the points at which a specialist earns the fee.

Where the discount comes from

Five mechanisms drive the gap, and they operate at the same time.

Unrecognised intangibles. Most of a modern firm's value sits in things the accounts never capture: brand, organisational capital, intellectual property, customer relationships, data. UK SMEs file abbreviated accounts with no intangibles disclosure, so anything you have not surfaced is priced at zero (Lev; Corrado-Hulten-Sichel; Haskel-Westlake).

Information asymmetry. Buyers price unknown risk at the worst end of the range. The less they can verify, the harder they discount (Capron and Shen; Officer-Poulsen-Stegemoller; De George et al., 2022).

Fire-sale dynamics. Sell from weakness, ill health, distress or simple exhaustion, and the discount widens sharply. These are the largest discounts in the literature, and they are entirely avoidable with time (Officer, 2007).

Owner-dependence. If the business runs on you, the value walks out at completion. Founder-trapped know-how is untransferable, and buyers price the cost of rebuilding it (Cressy et al., 2007).

Owner unpreparedness. The amplifier. The typical UK owner is unprepared, unaware and under-advised, which deepens every other discount (Marktlink; ThinCats; West/Capitaliz).

How much you can recover

Roughly 15 to 25 percentage points of a typical SME discount is structural, reflecting genuine illiquidity, a thin market and the absence of a public auction. No amount of preparation removes that. The rest, usually the larger part, is recoverable through the work described in this guide.

What to do about it

The single highest-leverage move is to make the business work without you. Owner-dependence is the largest avoidable discount, and converting the knowledge, relationships and judgement locked in the owner into systems, a capable second tier and documented process is what turns a risky purchase into a confident one. Around that core, lift both EBITDA and the multiple through operational discipline, run a deliberate readiness programme that protects your timing so you never sell from weakness, and close the information gap with cleaner reporting. Build the buildable intangibles deliberately and early, brand most of all, since a brand only carries real value at exit if it was developed on purpose years before, which for most SMEs means putting consistent brand and marketing work in the hands of an agency, human or AI. Some value sits in places that need specialists: IP, brand, customer-contract and data valuations, formal accounts and independent valuations, tax structuring and legal due diligence. The discipline is to lead the operational work yourself and bring specialists in precisely where they produce defensible numbers.

NAVIGATION

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FRAMING

Introduction

If you own a UK SME and expect to sell it one day, the price you achieve is far less fixed than it looks. Marktlink's 2024 survey of 224 UK owners found that 32 per cent felt their business was already undervalued, and a third did not know what it was worth at all (Marktlink Monitor, 2024). ThinCats' work with 500 UK SMEs found that only a fifth of owners likely to sell within a decade considered the business "very prepared", and even among those expecting to sell within a year, only about a third felt fully ready (ThinCats, 2024). With an estimated £10 trillion of business value set to change hands across Europe over the next decade as owners retire, the size of the avoidable gap is not a rounding error.

The research is clear about why the discount exists. It is not one problem but five, working together, and they range from structurally unavoidable to entirely fixable. This guide takes them in order. Part One explains the mechanisms, because you cannot close a gap you do not understand. Part Two sets out what to do, mechanism by mechanism, and how much of it you can lead yourself. Part Three covers the work to hand to specialists, and how to sequence it. The aim throughout is practical: which part of the gap is addressable, by whom, and with what limits.

PART ONE

Why the Discount Exists

The empirical signature

The cleanest evidence that private SMEs sell at a discount comes from event studies of listed acquirers. Across multiple datasets, buyers of unlisted targets earn statistically significant positive announcement returns, while buyers of listed targets earn zero or negative returns. Faccio, McConnell and Stolin (2006), examining 4,429 acquisitions across 17 Western European countries between 1996 and 2001, found that acquirers of listed targets earned an insignificant average abnormal return of -0.38% while acquirers of unlisted targets earned a significant 1.48%. They termed this the "listing effect" and noted that its fundamental causes "remain elusive". The UK-only evidence is consistent: Draper and Paudyal (2006), using a near-exhaustive sample of UK targets between 1981 and 2001, found that acquiring a privately held company is an attractive option for maximising shareholder wealth, with positive returns dependent on target status, payment method, and relative size. Conn, Cosh, Guest and Hughes (2005), examining over 4,000 UK acquirer transactions, found that domestic public acquisitions resulted in negative announcement and post-acquisition returns, whereas private acquisitions resulted in positive announcement returns.

The direct evidence from matched-transaction studies points in the same direction. Officer (2007) documented average acquisition discounts for stand-alone private firms and subsidiaries of 15% to 30% relative to acquisition multiples for comparable publicly traded targets. Koeplin, Sarin and Shapiro (2000), the foundational study, found discounts of 20–30% on earnings multiples for domestic US private targets, and 40–50% for non-US private targets (including UK deals in the foreign sample). The British Business Bank’s own practitioner guidance refers to discounts of 30–50% when applying public-comparable multiples to UK private businesses (British Business Bank, 2024).

The question is what drives this gap.

Mechanism I: Unrecognised intangibles

The largest single conceptual explanation in the modern literature is that the intangible assets that drive most of a private firm’s economic value are not recognised in its accounts and are therefore systematically discounted by buyers. This is the body of work most closely associated with Baruch Lev at NYU Stern.

Lev’s foundational position, set out across *Intangibles: Management, Measurement and Reporting* (Brookings, 2001), the *Harvard Business Review* article “Sharpening the Intangibles Edge” (2004), and his subsequent work, is that intangible assets such as a skilled workforce, patents and know-how, software, strong customer relationships, brands and unique organisational designs generate most of corporate growth and shareholder value, and account for well over half the market capitalisation of public companies (Lev, 2004). The accounting system, however, expenses rather than capitalises most investment in intangibles, so the gap between recognised book value and true economic value can be enormous.

Lev’s empirical claim, supported by Lev, Nissim and Thomas (2007) and replicated across many subsequent studies, is that intangibles-intensive firms are systematically *undervalued*. Their methodology ranks securities by a measure of intangibles intensity and examines subsequent risk-adjusted returns; companies with large R&D capital show systematic abnormal returns of around 15% by the 20-month mark, indicating that investors had systematically undervalued them at the time of ranking.

If investors don’t know about intangibles, they are going to assume the worst. In capital markets, no news is bad news.

The macro scale of the issue is documented by the Corrado-Hulten-Sichel research programme. Corrado, Hulten and Sichel (2005, 2006, 2009) developed the first comprehensive framework for measuring intangible capital, dividing it into three categories: computerised information (software, databases), R&D and scientific knowledge, and economic competencies (brand equity, firm-specific human capital, and organisational capital). Their estimates suggest that approximately \$3.6 trillion in intangible assets sat in the US nonfarm business sector during 2000–2003, against \$11 trillion in tangible plant and equipment, and that more than \$3 trillion of intangible capital stock was excluded from published US data. Subsequent CHS work has shown intangible

investment now outweighs tangible investment in many advanced economies, including the UK.

The UK-specific extension is Haskel and Westlake's *Capitalism Without Capital* (Princeton, 2018), which applies the CHS framework to UK data and develops the "Four S's" framework characterising the economic properties of intangibles: scalability, sunkness, spillovers, and synergies. The implication for SME M&A is direct: an intangibles-rich SME presents a buyer with assets that are simultaneously highly valuable and difficult to verify, and the buyer's rational response is to discount them heavily.

Further empirical work has identified which specific intangibles categories are systematically mispriced. Eisfeldt and Papanikolaou (2013) constructed firm-level stocks of organisational capital from accumulated SG&A expenses, building on Lev and Radhakrishnan (2005), who documented that firms with larger SG&A spending exhibit greater Solow residuals, meaning organisational capital genuinely produces economic returns. Peters and Taylor (2017) confirmed that intangibles drive a substantial portion of the gap between market value and book value. The categories the research identifies as systematically mispriced when undisclosed are R&D and scientific capital, brand equity, organisational capital, firm-specific human capital, intellectual property and patent portfolios, customer relationships, and proprietary data and software.

The implication for UK SMEs is that the proportion of value sitting in undisclosed intangibles is, in relative terms, larger than for listed firms, because UK SMEs typically file abbreviated accounts under FRS 102 with the small-company exemptions, have no analyst coverage, no management commentary, no IR function, and no mandatory intangibles disclosure. Every intangible the firm has not surfaced is priced at zero by default.

Mechanism 2: Information asymmetry

The intangibles problem is a special case of a wider information-asymmetry problem identified in the M&A literature. Capron and Shen (2007), in the *Strategic Management Journal*, argued that the lack of information on private targets limits the breadth of the acquirer's search and increases the risk of mispricing the target's assets. The same lack of information also creates exploitable opportunities for buyers with private knowledge of the target, which is why acquirers of private targets perform better on announcement returns than acquirers of public targets.

Officer, Poulsen and Stegemoller (2009), in the *Review of Finance*, examined target-firm information asymmetry directly and found that the information gap is a real and economically significant source of bidder gains. The mechanism is that buyers price unknown risk at the upper bound. When a private SME cannot credibly substantiate its claims about customer concentration, supplier dependencies, recurring revenue quality, contract enforceability, intellectual property ownership, or financial reporting integrity, the rational buyer assumes the worst and prices accordingly.

De George, Li and Shivakumar (*Review of Accounting Studies*, 2022) provided the cleanest empirical test that closing the information gap moves prices. Combining a large sample of private firm M&A valuations from Bureau van Dijk's Zephyr database with the

corresponding private firms' financial reports from Orbis, and exploiting variation in private firms' choice of whether to adopt IFRS, they showed that better and more comparable reporting genuinely changes deal pricing. Information asymmetry is not a fixed structural feature; it is a function of the quality of disclosure, and disclosure is in the seller's control.

Mechanism 3: Fire-sale dynamics

Officer (2007) advanced what he called Hypothesis 2a: unlisted targets sell at a greater discount to comparable listed targets when the seller's pre-sale financial condition is worse. His empirical results supported this: discounts were significantly greater when debt capital was more expensive to obtain, and for subsidiaries when the parent had below-market stock returns in the twelve months prior to sale. He framed acquisition discounts as "the price paid by private owners or corporations for the liquidity provided by the buyer".

The fire-sale mechanism is straightforward. When a seller needs to transact urgently, whether for health reasons, divorce, family illness, financial distress or simple exhaustion, the negotiating position collapses, the buyer pool shrinks because urgency cannot be hidden, and the deal terms reflect the seller's lack of alternatives. Browne and Mohan's analysis of family-led SMEs frames it directly: most companies change hands in emergency situations such as illness or death of an owner or partner, with the consequence that SME family businesses or their heirs are forced to accept a transaction that is less desirable (Browne & Mohan, 2015).

The fire-sale discount is essentially the cost of having no time.

This is significant because fire-sale conditions produce the largest empirical discounts in the entire private-firm M&A literature. Officer's research suggests fire-sale discounts can be a multiple of the structural illiquidity discount alone. And, critically, the fire-sale discount is fully avoidable through planning.

Mechanism 4: Owner-dependence and operational weakness

A distinct mechanism, sitting between intangibles and information asymmetry, is owner-dependence. In a typical owner-managed UK SME, the customer relationships, supplier judgement, operational know-how, pricing instinct and key-person reputation that produce the firm's economic performance are concentrated in the founder. From a buyer's perspective, this value is not transferable; at completion, it walks out of the door. The buyer must therefore either retain the founder under earn-out arrangements, which transfer risk back to the seller and reduce headline price, or accept that they are buying something that will need to be rebuilt.

The academic language for this is that the firm has high human capital but low *structural* capital: the systems, processes, governance, documentation and management infrastructure that would make the firm operate independently of any single person. Eisefeldt and Papanikolaou's organisational-capital research, Lev's economic-competencies category, and Haskel and Westlake's work on unique organisational designs all point at

the same underlying construct: durable value embedded in the firm rather than in its people.

It is worth being explicit about how this relates to Mechanism 1, because both invoke organisational capital and it is easy to conflate them. Mechanism 1 is a disclosure problem: real, transferable value already sits in the firm but is not visible in the accounts, so buyers price it at zero. Owner-dependence is a transferability problem: the value has not been built into the firm at all, because it still lives in the founder as human capital that cannot be sold. The same construct, organisational capital, viewed from opposite ends, one where it exists but is hidden, the other where it has yet to be created. In both cases the fix is the same: convert it into structural capital that stays with the business.

A founder-dependent SME has not converted its human capital into structural capital. The buyer, facing this, applies a discount that reflects the cost and risk of doing the conversion themselves post-acquisition. Practitioner estimates of this discount vary widely but routinely sit in the 20 to 40 per cent range for severely founder-dependent businesses.

Operational weakness compounds owner-dependence. Inconsistent financial reporting, weak management information, undocumented processes, dependency on a small number of customers or suppliers, and the absence of a second tier of leadership all reduce the multiple a buyer is prepared to apply. The PE/buyout literature confirms that the inverse is also true: Cressy, Munari and Malipiero (2007) found that UK PE-backed buyouts demonstrably outperform matched non-buyout firms in operational performance, and broader European studies find that PE backing translates into improved valuations and margins through operational improvement work. Operational uplift work measurably changes valuations.

Mechanism 5: Owner unpreparedness

The meta-mechanism that produces or amplifies all of the above is owner unpreparedness. The Marktlink Monitor 2024 found 33% of UK SME owners did not know what their business was worth and 32% felt it was undervalued. ThinCats' 2024 research found that the majority of UK SME owners likely to sell within ten years considered themselves only "somewhat prepared", with just a fifth considering themselves "very prepared". Craig West's research at Capitaliz concluded that SME owners are "unprepared, unaware and under-advised when it comes to exit" (West, 2024), with the structural problem being that owners are drawn to options that appear straightforward and quick while more complex but higher-value routes are set aside before they are fully assessed.

The Tenon Forum's earlier UK SME study reached the same conclusion a decade earlier: that inadequate valuation and a lack of understanding of a business's worth could have heavy financial implications post-sale (Tenon Forum, 2014). The literature is unanimous: unpreparedness is the modal state of UK SME owners approaching exit, and it translates directly into sub-optimal pricing through every other mechanism, including fire-sale timing, undisclosed intangibles, single-buyer processes, unaddressed owner-dependence, and information gaps that buyers price down.

Structural versus avoidable components

Not all of the discount is recoverable. Roughly 15 to 25 percentage points of the typical SME discount is structural, reflecting genuine illiquidity (Officer's "price of corporate liquidity"), the weaker buyer competition that Chang (1998) identified in the market for private firms, and the simple fact that a private SME cannot be made as liquid as a listed comparable. This component is what professional advice cannot capture.

The remaining discount, and in most cases the larger share, is avoidable. It is the sum of unrecognised intangibles, information asymmetry, fire-sale conditions, owner-dependence and unpreparedness. Each is addressable through deliberate work in the 12 to 36 months before a transaction. The practical question is which work, by whom, and where the boundaries of competence sit. The rest of this guide answers it.

PART TWO

What to Do About It

Part One is the diagnosis. This part is the treatment. Each of the avoidable mechanisms responds to specific work, most of which an owner can lead directly with the right support. The actions below are ordered by leverage, starting with the one that moves the price most.

Make the business work without you

This is the highest-leverage action available to a UK SME, and it attacks the largest single avoidable discount. The goal, in plain terms, is to reach the point where the business runs without the owner in the room. In the language of the research, it is the conversion of founder-trapped human capital into structural capital that stays with the firm: the systems, the team and the documented process that let the business operate independently of any one person.

In practice, that conversion is a defined set of fixes, each one moving value out of your head and into the firm:

A real second tier. Recruit or promote leaders for operations, finance, sales and any technical core, with genuine profit-and-loss responsibility, so the business is run by a team and not by you.

Decision rights on paper. Write down who decides what, the authority and spending limits at each level, the organisation chart and the reporting lines, and hold a regular management meeting that does not depend on you being in the room.

Processes out of your head. Turn the way the business actually works into documented, repeatable processes: how you win work, deliver it, onboard people and hold quality. Knowledge that lives only in the founder is worth little to a buyer until it is written down.

Management information you can run on. Put in the systems and the cadence, management accounts, a handful of clear KPIs, a CRM and the operational tooling, that let the business be run on numbers rather than instinct. The data and systems are themselves organisational capital.

Relationships owned by the firm. Move customer and supplier relationships from “you know them” to named account managers, recorded in the CRM and secured in contracts, so they belong to the business and survive your departure.

Key-person risk removed. Cross-train and document so that no single person, you included, is a point of failure, and put retention incentives such as EMI options in place so the second tier does not leave at completion.

Then comes the founder-withdrawal plan: reduce your operational involvement on a deliberate 12 to 24 month schedule, and engineer a stretch where the business demonstrably runs without you. The test is simple. Can it show a meaningful period of operating well before it goes to market?

A buyer who can see that transition already done will pay materially more than one asked to take it on trust.

This is also the action with the strongest evidence behind it, because it does two things at once. It closes the owner-dependence discount of Mechanism 4 and, in the same move, builds the organisational capital that Mechanism 1 shows is systematically underpriced when it is missing and rewarded when it is present. The two mechanisms turn out to share a single fix.

Build the brand on purpose, and early

Unrecognised intangibles are the largest conceptual driver of the discount, and brand is the clearest case. Brand-strong firms are systematically underpriced on the raw financial metrics (Lev, 2001, 2004), but a valuation can only capture brand equity that already exists. If the brand was never built deliberately, there is little for anyone to value when the time comes.

Brand is an asset to compound, not a cost to trim.

So start years before a sale, not months. Being deliberate about how the business is positioned, how consistently it shows up, and how its market perceives it is what turns scattered marketing spend into a durable asset that survives a change of owner. The same discipline applies to the other buildable intangibles: documented IP, a customer book secured in contracts, proprietary data captured and governed properly. Each is priced at zero while it stays informal and rewarded once it is real and legible to a buyer.

For most SMEs this is where an agency earns its place. Consistent, deliberate brand and marketing work is hard to sustain in-house alongside running the business, and it is exactly the kind of work that compounds when it is continuous rather than sporadic. A traditional agency has always offered that, though rarely at a price a small firm could keep up year

after year. AI-native agencies now change that arithmetic, making continuous, on-brand marketing affordable and repeatable at SME scale. Whether the answer is a human agency, an AI one, or both, the principle holds: put the brand in deliberate hands early, and let the equity build.

Lift both EBITDA and the multiple

Operational improvement pays twice. It raises the EBITDA base through better margins, cost discipline, working-capital control and higher-quality revenue, and it raises the multiple applied to that EBITDA through lower risk, better predictability and a stronger growth story. The two effects compound.

The concrete work includes putting in a proper management-accounting cadence; building a sales pipeline and forecast that produce predictable revenue rather than founder-led wins; turning how the business operates into documented processes that demonstrate it can scale; reducing customer concentration through deliberate diversification or by locking key relationships into contracts; tightening working capital; and running a steady improvement rhythm of 90-day cycles, clear KPIs and real accountability.

There is a well-tested framework for this in the Exit Planning Institute's Value Acceleration Methodology, which runs 90-day improvement cycles to close the gap between current value and exit-ready value (Exit Planning Institute, 2024). The private-equity evidence is the strongest backing: Cressy et al. (2007) on UK buyouts, and the wider European outperformance research, all show that operational improvement work translates measurably into valuation.

Run a readiness programme and protect your timing

Most of the avoidable discount is lost not in the deal room but in the years before it, through lack of preparation and lack of time. Both are fixable with a deliberate readiness programme started well ahead of any sale.

Begin with a baseline valuation, so you know the starting point. Map the gap between current and target value. Plan a sequenced improvement programme across 12 to 36 months. And keep your options open across exit routes, whether trade sale, private equity, an employee ownership trust, a management buyout or family succession, rather than committing early to one. As Menzies put it, too many owners limit value by focusing on a single exit route (Menzies, 2024), which is the practical version of Chang's (1998) finding that more competing buyers and more options produce higher prices. Optionality is itself a value lever, because it changes your hand in every negotiation.

Protecting your timing is what keeps you out of a fire sale, and fire sales produce the deepest discounts in the literature. The defence is a 12 to 36 month runway between deciding and transacting, a business stable enough financially and operationally that you are never forced to sell from weakness, and contingency planning for the personal shocks, such as ill health or family events, that otherwise force a rushed exit. Officer (2007) framed the acquisition discount as the price of liquidity; a planned runway is how you avoid paying it.

Close the information gap

Buyers discount what they cannot verify. Some of that gap closes naturally as the operational work above produces cleaner data and more documented decisions, but the most valuable moves sit in accounting and reporting: moving from abbreviated to fuller statutory accounts, adopting IFRS-compatible reporting where it helps, building audit-ready statements, preparing quality-of-earnings documentation, and assembling the data room buyers will demand in diligence.

This is the point at which an accountant becomes essential rather than optional. The work needs technical accounting and audit expertise, and its credibility depends on independence from the management team, so it is not work to do in-house. The natural division is for you to lead the operational and people work while your accountant delivers the reporting upgrade and the formal valuation infrastructure. De George et al. (2022) showed directly that better, more comparable reporting changes deal pricing; disclosure is one of the few discount drivers entirely within your control.

PART THREE

Where to Bring in Specialists

A meaningful share of the avoidable discount sits in intangible categories that reward specialist attention and punish amateur attempts. The rule of thumb is simple: lead the operational and people work yourself, and bring in a specialist wherever the output is a defensible number that will be tested in diligence. This part sets out where that line sits.

Intellectual property

If patents, trademarks, designs, copyright or trade secrets are a real part of the value, commission an IP audit. The work establishes what you actually own, confirms it is properly assigned and registered, finds the gaps, and values the portfolio using recognised methods: the cost, market and income approaches, including relief-from-royalty for trademarks and discounted cash flow for patents. It needs patent attorneys, trademark advisers and IP valuation specialists, and it is not something to attempt in-house. Bring them in for any software, technology or product-led business, any consumer brand with real trademark equity, and any business with patentable processes or designs. The fee is small against the value an audit can surface, and it is risk-reducing, because IP defects found in diligence are routinely repriced against you.

Brand valuation

This is the measurement step, and it comes after the building step described in Part Two: a valuation can only capture brand equity the earlier work has already created. Where brand drives margin or pricing power, commission a formal brand valuation. Carried out under ISO 10668 by firms such as Interbrand or Brand Finance, it draws on market research, consumer data, financial modelling and category benchmarking to produce a number you can defend at the table. The research is clear that brand-strong firms are

systematically underpriced on the raw metrics (Lev, 2001, 2004), so for consumer businesses this is high-leverage work to refer out rather than estimate yourself.

Customer relationships

Two jobs sit here, and they split cleanly. The operational half is yours: convert informal relationships into recurring contracts, lengthen terms, secure exclusivities and demonstrate retention. The valuation half belongs to specialists: a formal customer-relationship valuation of the kind used in IFRS 3 purchase price allocations, using techniques such as the multi-period excess earnings method, produced by an accountancy firm with valuation specialism. You build the customer book; let a specialist put the defensible number on it.

Data and information assets

Proprietary data, such as customer databases, transaction histories and operational records, is an increasingly material asset and is routinely undervalued in deals. A data asset audit needs data governance, privacy law and data engineering expertise that sits outside operational work, supported by data protection lawyers. Bring in a data specialist for any business where proprietary data is material, with particular attention to GDPR compliance, data ownership, controller and processor status, and whether the data actually transfers at completion.

Formal valuations

Independent valuation reports, whether for tax planning, a shareholder dispute, divorce or negotiation support, must come from a qualified, independent valuer, typically inside an accountancy firm. Independence from the management team is the whole point; it is what makes the number credible, and it is precisely why this is not work to do yourself.

Tax structuring

How an exit is taxed materially changes what you keep, and it has to be planned 12 to 36 months ahead. BADR eligibility, EIS or SEIS implications for earlier investors, EOT structuring, the treatment of deferred consideration and earn-outs, and inheritance tax planning all sit with a specialist tax adviser, often inside your accountancy firm. Your job is to make sure operational decisions taken during the improvement programme do not quietly break a tax condition, a BADR qualification for instance, along the way.

Legal due diligence

Pre-sale legal due diligence, confirming corporate housekeeping, contract enforceability, IP ownership chains, employment contracts, regulatory compliance and the absence of live disputes, is delivered by M&A lawyers and is not optional. Coordinate the timing, and make sure improvements made along the way are reflected in the legal documentation, for example that new contracts signed during the programme are themselves assignable on sale.

Putting it together

The picture that emerges is not a single big intervention but a coordinated programme. You lead the operational, leadership, organisational-capital and process work, the part that converts founder-dependence into transferable value, closes the largest avoidable discount, and produces the EBITDA and multiple uplift the evidence supports. Around that, a network of specialists handles the work that rewards expertise: the accountant for reporting and valuation, the tax adviser for structuring, M&A lawyers for diligence and documentation, an IP boutique, a brand valuation house and a data specialist for their respective assets.

The value is as much in sequencing and coordinating that network as in any single piece of it. Start early, lead the core yourself, and bring each specialist in at the point their number will be tested.

IN CLOSING

What Good Looks Like

The discount is real, but it is mostly a choice. A structural slice, around 15 to 25 percentage points, comes with being private and illiquid and cannot be argued away. The larger share, sitting in unrecognised intangibles, information asymmetry, fire-sale timing, owner-dependence and unpreparedness, is recoverable through deliberate work in the years before a sale.

If you do one thing, make the business work without you. That single move closes the biggest avoidable discount and builds the organisational capital that buyers reward. Around it, lift EBITDA and the multiple through operational discipline, protect your timing so you never sell from weakness, and close the information gap with cleaner reporting and an accountant's help. Build the brand deliberately and early, with an agency that can sustain it, human or AI, so there is a real asset to value rather than an afterthought. Then bring in specialists, for IP, brand, customer and data valuations, formal accounts and valuations, tax and legal, precisely where they produce numbers that survive diligence.

What good looks like is an owner who starts 12 to 36 months out, treats the sale as the last step of a value-creation programme rather than an event, leads the operational work, and orchestrates a specialist network around it. That owner does not eliminate the discount, but recovers the part that was never inevitable, which in most cases is the larger part.

Start now, not at the exit

There is one caution that sits above all the others. Of every lever in this guide, brand is the one you cannot leave to the end. The operational fixes, the reporting and the readiness programme can be done in a focused 12 to 36 months. Brand cannot. Brand equity is the slow accumulation of being known, trusted and consistently shown up for, and that clock

only runs in real time. You cannot manufacture years of reputation in the quarter before you go to market.

So the moment to start building your brand is not when you decide to sell. It is now, whether a sale is three years away or thirty. The brand you build today is the asset you are paid for tomorrow, and the owners who recover the most are simply the ones who started soonest.

The best time to build your brand was the day you started the business. The second best time is today.

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ABOUT MARQUE

Marque is the operating system for modern marketing teams: an AI agency that turns a brief into on-brand campaigns, end to end. It exists so that founders and small businesses can build a brand as deliberately, and as consistently, as a large company can, which is the kind of early, sustained brand-building this guide argues for.

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