

Private Corporation Share Valuation Model™

Users Guide



Version 1.0

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SME Strategic Resilience System™

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User Guide

1. Introduction

The Private Corporation Share Valuation Model is part of the SME Strategic Resilience System™, a suite of analytical tools developed to assist consultants, advisors, and business owners in evaluating the structural and financial characteristics of small and medium-sized enterprises.

Privately held businesses rarely have an observable market value. As a result, advisors often rely on structured analytical methods to estimate enterprise value and shareholder value.

The purpose of this model is to provide a practical and structured framework for estimating enterprise value using commonly applied valuation techniques.

The model allows users to analyze financial performance, apply valuation multiples, and estimate shareholder value based on ownership structure.

2. Purpose of the Model

The Private Corporation Share Valuation Model is designed to help users estimate the potential value of a privately held business.

The model provides a structured method for evaluating:

- enterprise value
- shareholder value
- per-share value
- valuation multiple sensitivity
- ownership distribution effects

By organizing financial inputs and valuation assumptions in a structured way, the model helps consultants and advisors translate financial information into meaningful valuation insights.

3. Intended Users

This model is designed for professional use by:

- business consultants
- accountants
- financial advisors
- private business owners
- shareholders of privately held companies
- SME advisory professionals

The model can also be used internally by business owners who wish to develop a clearer understanding of the potential value of their company.

4. Model Overview

The Private Corporation Share Valuation Model provides a structured analytical environment that transforms financial inputs into estimated enterprise value and shareholder value.

The model includes several analytical components:

- financial input section
- enterprise value calculation
- shareholder allocation analysis
- per-share valuation output
- scenario insight tools

These elements allow the user to examine how financial performance and valuation assumptions influence the estimated value of a company.

5. Model Structure

The model is organized into a series of sections that guide the user through the valuation process.

5.1 Financial Input Section

This section captures the financial information required to perform the valuation.

Typical inputs include:

- EBITDA or earnings measure
- valuation multiple
- number of shares outstanding
- shareholder ownership distribution

Users should enter information only in the designated input cells.

5.2 Enterprise Value Calculation

Enterprise value represents the estimated value of the business as a whole.

The model calculates enterprise value using the following basic logic:

Enterprise Value = EBITDA × Valuation Multiple

The valuation multiple reflects the market or industry expectations for companies operating in similar sectors.

5.3 Shareholder Allocation

Once enterprise value is calculated, the model allocates value based on the ownership structure of the company.

This allows the model to estimate:

- shareholder value
- ownership-based value distribution
- per-share value estimates

This section helps illustrate how enterprise value translates into shareholder value.

5.4 Per-Share Value

The model calculates a value per share by dividing the estimated enterprise value by the total number of shares outstanding.

This provides a simple but useful benchmark for evaluating ownership value within the company.

5.5 Scenario Insight Tool

The scenario section allows users to test different valuation assumptions.

By adjusting the valuation multiple, users can observe how changes in market expectations influence enterprise value and shareholder value.

This helps advisors and owners understand the sensitivity of valuation estimates to different assumptions.

6. Using the Model

The model can be used by following a simple three-step process.

Step 1 — Enter Financial Data

Enter the company's EBITDA or earnings measure in the designated input cell.

Ensure the figure represents a realistic operating performance measure for the company.

Step 2 — Enter the Valuation Multiple

Enter the valuation multiple appropriate for the business.

Multiples vary depending on industry conditions, risk profile, growth potential, and market demand.

Step 3 — Confirm Ownership Structure

Enter the number of shares owned by each shareholder.

The model will automatically allocate enterprise value across the ownership structure.

Step 4 — Review the Results

Once inputs are entered, the model will calculate:

- estimated enterprise value
- value per share
- shareholder ownership value

Users can then examine the scenario section to evaluate different valuation assumptions.

7. Interpreting the Results

The valuation produced by the model represents an analytical estimate, not a definitive market value.

Actual market value may differ based on factors such as:

- industry conditions
- buyer demand
- company growth potential
- strategic buyer interest
- negotiation outcomes

The model is intended to provide structured insight, not a certified valuation.

8. Important Disclaimer

The Private Corporation Share Valuation Model is provided for analytical and educational purposes only.

The model does not constitute:

- a certified business valuation
- an appraisal report
- legal or financial advice

Users should consult qualified professionals when a formal valuation is required.

9. Relationship to the SME Strategic Resilience System™

The Private Corporation Share Valuation Model forms part of the broader SME Strategic Resilience System™, which includes multiple diagnostic frameworks designed to evaluate different structural dimensions of a business.

Other models within the system examine areas such as:

- operational health
- financial stress tolerance
- founder engagement risk
- strategic resilience maturity
- leadership command structure

When used together, these models provide a more comprehensive understanding of enterprise resilience and performance.

10. Version Information

Model: Private Corporation Share Valuation Model

System: SME Strategic Resilience System™

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