



5 Things That Move Your Business Valuation Up Before You Sell

A Plain-English Guide for Home Service Business Owners in the NYC Metro Area

Legacy Trade Holdings

legacytradeholdings.com | (800) 930-1701

A NOTE FROM MICHAEL

I wrote this because most owners I talk to have never sold a business before — and by the time they find out what actually moves their number, it's too late to do anything about it.

These five things are what I look at when I evaluate any business. They're not secrets. They're not tricks. They're the difference between a business that commands the top of the market range and one that gets discounted before the conversation even starts.

Read through all five. Score yourself honestly. If you're strong on every one, you're in a better position than you probably think. If there are gaps, you now know exactly where to focus before you start any conversation — with us or with anyone else.

That's the point. This guide isn't a pitch. It's the information you deserve to have.

— *Michael Humenik, Founder, Legacy Trade Holdings*

How Valuations Actually Work

Home service businesses in the NYC metro area typically sell for **2.5x to 4x their Seller's Discretionary Earnings (SDE)** — your net profit plus your salary plus any personal expenses run through the business.

The multiple is not fixed. It reflects how attractive your business is to a buyer. Everything in this guide is about moving that multiple higher.

SDE Example: \$250,000	
At 2.5x multiple	\$625,000
At 3.5x multiple	\$875,000
At 4x multiple	\$1,000,000

Same business. A \$375,000 difference. That gap is what this guide is about.

1. A Crew That Can Run Without You

WHAT IT IS

A team of trained, licensed, and reliable people who can operate the business — handle calls, run jobs, manage customers — without you being physically present.

WHY IT MATTERS

A buyer is purchasing a business, not a job. If the answer to "what happens when you're not there?" is "things fall apart," that's not a business — it's self-employment. Buyers pay a premium for transferability. A business that runs without its owner is worth meaningfully more than one that doesn't.

SCORE YOURSELF

✅ **Strong:** You have at least one lead technician or foreman who runs jobs independently. Customers call the office, not your cell phone. You could be out for two weeks and operations would continue.

⚠️ **Needs work:** Everything flows through you. You're the one customers trust, the one who handles the hard jobs, the one the crew calls when something goes wrong.

WHAT TO DO

Identify one person on your team who has the skills and temperament to take on more responsibility. Give them that responsibility deliberately. Over the next 12–18 months, build the systems and trust that make the business less dependent on you personally. This single change can move your valuation by half a multiple turn or more.

📌 **The Legacy Lens:** *A business that runs without you is also a business that continues after you.*

2. Recurring Revenue You Can Document

WHAT IT IS

Any portion of your revenue that is predictable, repeatable, and contractual — maintenance agreements, service contracts, annual inspection programs, commercial property relationships.

WHY IT MATTERS

Recurring revenue is the most valuable type of revenue in any acquisition. Every maintenance agreement is locked-in revenue before the season even starts. Every one-off service call is a guess.

SCORE YOURSELF

✅ **Strong:** You have 50+ active maintenance agreements or service contracts. A meaningful percentage of your revenue is predictable twelve months in advance.

⚠️ **Needs work:** Almost all of your revenue is reactive — customers call when something breaks. You don't have a formal maintenance program.

WHAT TO DO

Launch a maintenance agreement program before you sell — even a simple one. An HVAC company offering annual tune-up agreements for \$150–\$200 per unit can add significant recurring revenue within one season. Document every agreement. Every ten additional maintenance contracts can move your valuation by \$20,000–\$40,000.

📌 **The Legacy Lens:** *Recurring revenue means recurring customer relationships — customers who will keep calling your number after you're gone.*

3. Three Years of Clean, Readable Financials

WHAT IT IS

Three years of tax returns, profit and loss statements, and bank statements that tell a consistent, honest story of what your business generates.

WHY IT MATTERS

A buyer can only pay for what they can verify. When they can't verify the number, they discount it. Sometimes significantly.

SCORE YOURSELF

✔ **Strong:** Your last three tax returns reflect the business accurately. Your P&L is readable. Your bank statements match what you're claiming.

⚠ **Needs work:** Your books are behind. Personal expenses are heavily mixed into the business. You're not sure what your actual profit is.

WHAT TO DO

Get your most recent year filed. Start separating personal and business expenses going forward. Ask your bookkeeper to prepare a normalized P&L that separates owner compensation and one-time expenses from operating costs. You don't need to be perfect — you need to be readable. Cash revenue that doesn't appear in your records can't be counted by a buyer.

| **The Legacy Lens:** *Clean books aren't just about valuation — they're about being able to stand behind what you've built.*

4. Territory Depth, Not Territory Width

WHAT IT IS

A concentrated, well-established presence in a specific geographic area — where your trucks are recognized, your reviews are built, your name is known, and customers refer you to their neighbors.

WHY IT MATTERS

Buyers pay for defensible revenue. A business that owns six towns deeply is more defensible than one spread thin across twenty zip codes with no dominant presence anywhere.

SCORE YOURSELF

✅ **Strong:** You can name the five or eight towns where the majority of your work comes from. Your Google reviews mention specific towns by name. You get referrals from existing customers regularly.

⚠️ **Needs work:** Your work is scattered across a wide geography. Your online presence doesn't signal local authority in any specific area.

WHAT TO DO

Identify where your best customers are concentrated and invest there. Build reviews that mention those towns specifically. When customers in your core geography refer you, those referrals are worth more to a buyer than equivalent revenue from a new town you've never worked before.

📌 **The Legacy Lens:** *The towns that know your name are the towns that will welcome whoever comes next — because the trust has already been built.*

5. A Business That Has Been in Business

WHAT IT IS

Years of operating history — established customer relationships, consistent revenue, a track record that a buyer can review and trust.

WHY IT MATTERS

Time is one of the most valuable things a business can have. No amount of marketing spend can replicate a 20-year relationship with 400 loyal customers. Buyers price longevity because longevity signals that the business has survived everything that shuts younger businesses down.

SCORE YOURSELF

✅ **Strong:** You've been in business 15+ years. You have customers who have been with you for a decade or more. Your revenue has been generally stable or growing.

⚠️ **Needs work:** Your business is younger, or revenue has declined significantly, or you've had major operational disruption recently.

WHAT TO DO

Make sure the evidence of your longevity is visible. Ask long-tenured customers for Google reviews that mention how long they've used you. Document your customer relationships. Every year you wait actually improves this number — which is another reason to start the conversation earlier rather than later.

The Legacy Lens: *Every year your business has operated is a year of trust built. That trust is the foundation of everything a buyer is paying for.*

The One Thing That Costs Sellers the Most Money

After looking at hundreds of businesses in this market, the single biggest factor that costs home service owners money when they sell is not any of the five things above. It's timing. Not market timing. *Personal* timing.

The owners who get the best outcomes — the highest prices, the cleanest deal structures, the most control over who carries their business forward — are the ones who started the conversation before they had to. Not when health forced the issue. Not when burnout made the decision for them. Before any of that. When they still had options.

You don't have to be ready to sell. You just have to be curious. That's all a first conversation costs.

When You're Ready, We're Here.

Our evaluation is free, confidential, and takes about 10 minutes.

No broker. No commission. No public listing. No pressure. Ever.

legacytradeholdings.com

(800) 930-1701

contact@legacytradeholdings.com

Retire from your business. Keep your legacy alive.