

Burkert Valuation Advisors, LLC

VALUATION AND LITIGATION CONSULTANTS

Factors to Differentiate Personal Goodwill From Business Goodwill

P = Personal/Professional Goodwill (not transferable)

B = Business/Practice Goodwill (transferable)

Note: Factors can be used with a professional practice or an operating company.

Factors To Consider	P	B
1) Type of Service		
Closeness of customer contact		
Mechanical vs. personal		
Machine intensive vs. labor intensive		
Association of quality and cost with owner or business		
Reputation for honesty and fair dealing with owner or business		
2) Customers/Clients		
Customers referred to owner or business		
Customers speak well of owner or business		
Number of customers and amount of retained business		
Customers referred by other customers or other means		
3) The Company		
Trade name, d/b/a, or name of owner		
Age of business – start up or mature		
Number of owners		
Development of middle management team		
Importance of business location		
Trained and assembled workforce		
In-place systems, procedures, etc.		
4) The Owner(s)		
Reputation		
Age and health		
Work habits and hours worked		
Knowledge, judgment, ability, and skills about the business		
Past profits		
5) Other		
Size of buyer market for business		
Earlier sale precedent with or without covenant		
Amount of customer power over the business		
Can business be sold without restrictive covenants		
Can business generate revenue from continued patronage in absence of owner		
Totals		

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