BUSINESS ACQUISITION & M&A

The E-commerce Valuation Worksheet *what your business is actually worth*

Single-channel Amazon FBA trades at **2-3x SDE** in 2026. Multi-channel brands command **3-4.5x**. The 5-6x aggregator era is over. This is the self-scoring worksheet I run on my own first calls, drawn from **50+ deals reviewed** as both buyer and advisor. Ten minutes, your own numbers, no email required.

> **The spread is the point.** On $500K in earnings, the gap between the low and high end of the range is **$750,000** — and it's set almost entirely by 12-18 months of preparation, not by who you negotiate with.
>
> **Score it the way a buyer would verify it in diligence**, not the way you'd want it to read. Buyers find every discount item eventually. Better to price it in yourself than negotiate backward from an inflated number.

Step 1 — Choose the right earnings metric

01 SDE or EBITDA?

Get this wrong and everything downstream is distorted by **20-40%**. A founder paying themselves $200K on $800K in SDE who uses EBITDA instead undervalues the business by **$600K at a 3x multiple**.

☐ **SDE**

You are the primary operator and the business relies on your involvement. SDE adds your salary and personal benefits back to net profit. Most owner-operated businesses under $1M in earnings.

☐ **EBITDA**

A management team is in place that could run the business without you. Larger businesses where owner compensation is a genuine operating cost, not an add-back.

Your trailing-12-month figure: $______________________________

Step 2 — Find your channel-mix band

02 The band is the biggest single driver

Bigger than any adjustment in Step 3. Match your revenue mix to a row, then take the **midpoint** as your starting multiple.

CHANNEL MIX	RANGE	MIDPOINT	METRIC
Single-channel Amazon FBA	**2-3x**	**2.5x**	SDE
Multi-channel (Amazon + DTC, Amazon + TikTok Shop, or 3+ channels)	**3-4.5x**	**3.75x**	SDE or EBITDA
E-commerce SaaS / agency	**3-5x**	**4.0x**	EBITDA

A second channel only counts if it's real revenue — 20%+ of the mix, not 5% — and buyers need at least 6 months of history before they'll credit it.

Your starting midpoint: __________x

Step 3 — Score six adjustment factors

03 Answer Y or N honestly

Yes = +0.25x. No = -0.25x. Add them up, then **cap the total swing at ±0.5x**. Six factors could theoretically move the multiple 1.5x in either direction — buyers don't move it that far off a checklist. The cap keeps the worksheet honest.

#	FACTOR	IF TRUE	Y / N
1	Revenue grew 15%+ YoY, trailing 12 months	**+0.25x**	
2	You work under 15 hours/week on the business	**+0.25x**	
3	SOPs are documented for every repeatable process	**+0.25x**	
4	Gross margin is flat or expanding, trailing 12 months	**+0.25x**	
5	No account suspension history (Amazon-primary businesses)	**+0.25x**	
6	Financials are clean and accrual-based, no unexplained add-backs	**+0.25x**	

Net adjustment (capped at ±0.5x): __________x

Step 4 — Run the math

Your directional valuation

This is the number a real buyer would start from on a first call. Not a quote — a starting point you can defend.

A. Trailing-12-month SDE or EBITDA	$____________________________
B. Channel-mix midpoint (Step 2)	__________x
C. Net adjustment (Step 3, capped ±0.5x)	__________x
D. Adjusted multiple (B + C)	__________x
Directional value (A × D)	$________________________________
Inventory at cost *(separate line)*	$____________________________

Inventory is a **working capital adjustment, not part of the multiple**. Buyers won't pay 3x on stock. It's either included at a negotiated value or excluded with you retaining and liquidating it. Stranded or aged inventory is a discount to the deal, not an asset.

WORKED EXAMPLE

Inputs: $420,000 trailing-12-month SDE. Revenue mix: 80% Amazon, 20% TikTok Shop.

Step 2: Multi-channel band = 3-4.5x. Midpoint = **3.75x**.

Step 3: Grew 18% YoY **+0.25** · works 30 hrs/week **-0.25** · SOPs incomplete **-0.25** · margin flat **+0.25** · no suspensions **+0.25** · a few unexplained add-backs **-0.25**

Net adjustment: **0.00x**

Final multiple 3.75x → directional value $1,575,000

If you're Amazon-primary, adjust inside the band

Two FBA businesses with identical SDE can land at 2x and 3x — a gap of hundreds of thousands of dollars — on factors a generic e-commerce framework misses entirely.

FACTOR	PUSHES TOWARD 3X+	PUSHES TOWARD 2X OR BELOW
Account health	Clean AHR, no violations in 12+ months	Any current violation or recent suspension
Review moat	1,000+ ratings at 4.5+ stars on core SKUs	Under 100 ratings, or a recent rating drop
Organic rank	BSR holds when ad spend drops	Rank collapses without PPC support
Brand protection	Brand Registry + active trademark	No Brand Registry, no trademark
ASIN concentration	No single ASIN over 30% of revenue	One ASIN driving 50%+ of revenue
Inventory health	IPI 550+, no stranded inventory	IPI under 400, chronic stranded stock
Marketplace mix	Multiple Amazon marketplaces or channels	Amazon.com only
Suspension history	Clean, no suspension history	One or more, even fully resolved
TACoS	8-12% on mature SKUs	20%+ with no organic lift

Rented rank vs owned rank is the test buyers actually run. Compare organic rank and BSR over the trailing 6-12 months against ad spend over the same period. If rank holds when spend drops, the business earned its position. If rank collapses when ads pause, it's renting traffic — and buyers compress the multiple for it.

The five numbers buyers check before a first call

Pull and organize these before approaching any buyer. If one is weak, address it before listing — not during diligence.

1. **Revenue trend**, trailing 12-24 months ____________________
2. **Owner hours per week** required to run the business ____________________
3. **Channel concentration %** — what share comes from Amazon vs everything else ____________________
4. **Customer acquisition cost trend**, last 12 months ____________________
5. **Gross margin trajectory** — expanding or compressing ____________________

The 12-18 month preparation timeline

The spread between a well-positioned business and a poorly positioned one with the same earnings is not negotiated away at the finish line. It's built in the year before you list.

MONTHS 1-3

Books audit-ready. Separate personal and business expenses, switch to accrual, document every legitimate add-back.

MONTHS 4-6

Write SOPs for every repeatable process so the business runs without you.

MONTHS 7-12

Launch TikTok Shop or a second marketplace. Buyers need 6+ months of data before they'll credit a new channel.

MONTHS 12-18

Optimize margin trajectory, cut owner hours, build the growth story that justifies the premium.

Want an honest read *before* you list?

I look at the numbers across both the financial and operational layer before any buyer conversation starts. If you're on the buy side instead, the current acquisition criteria is live on the deals page.

TALK IT THROUGH	BUY-SIDE CRITERIA	WEEKLY MARKET READ
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