

A Strong Business but a Modest Multiple

When Sean McAuliffe sold his company, he had a lot going for him. His distribution business was generating nearly \$19 million in revenue. Margins were healthy. Growth was solid. And yet, when it came time to sell, his company was valued at around four times EBITDA, a relatively modest value for a \$19 million company.

The reason? Sean didn't fully control his supply chain—and buyers noticed.

Dependency Makes Buyers Nervous

Sean's model was simple. He bought car key fobs from suppliers in Asia and sold them to locksmiths across the U.S. It was a classic distribution play: source cheap, sell smart, and manage relationships. Sean executed well. He even created his own brand, Keyless to Go, and FCC-registered his products—moves that set him apart from competitors.

But despite these efforts, Sean was still reliant on third-party suppliers. He didn't own the factories. He didn't control manufacturing. His business was exposed to the decisions of vendors half a world away. In today's environment—where tariffs and geopolitical tensions can change the cost and availability of overseas goods almost overnight—relying on foreign suppliers feels riskier to acquirers than ever.

This kind of dependency is exactly what The Value Builder System™ measures through the Switzerland Structure—one of the eight key drivers of company value. The Switzerland Structure assesses whether your business is overly dependent on any one customer, employee, or supplier. Buyers pay a premium for companies that aren't beholden to any single relationship.

Why Monopoly Control Drives Value

Contrast that with businesses that own their brand, control their production, or have proprietary products. Companies with a defensible moat—what we call Monopoly Control—are 40% more likely to have received a written offer to acquire their business, according to analysis of more than 80,000 business owners who have completed their Value Builder Score report.

When you control your product and customer experience, you influence your valuation upward—giving buyers fewer reasons to discount your business.

The Takeaway for Owners

Sean still built a great business. His execution created life-changing wealth. But if he had owned the supply chain or had exclusive manufacturing rights, he likely would have commanded a higher multiple.

The takeaway for business owners: Building a valuable company isn't just about revenue and profit. It's about creating a business that can thrive without being dependent on any one customer, employee, or supplier.