

Valuing a Startup

Business & Management

Why pre-revenue valuation is negotiation rather than calculation.

Methods, and where each applies.

Method	Applies when
Comparables	Similar companies, similar stage
Scorecard / Berkus	Pre-revenue, angel stage
Revenue multiple	Predictable revenue exists
DCF	Cash flows are forecastable
Venture capital method	Working back from an expected exit
Last round + progress	A round has already happened

Valuation is largely a function of how much you raise and how much you are willing to sell. The rest is justification.