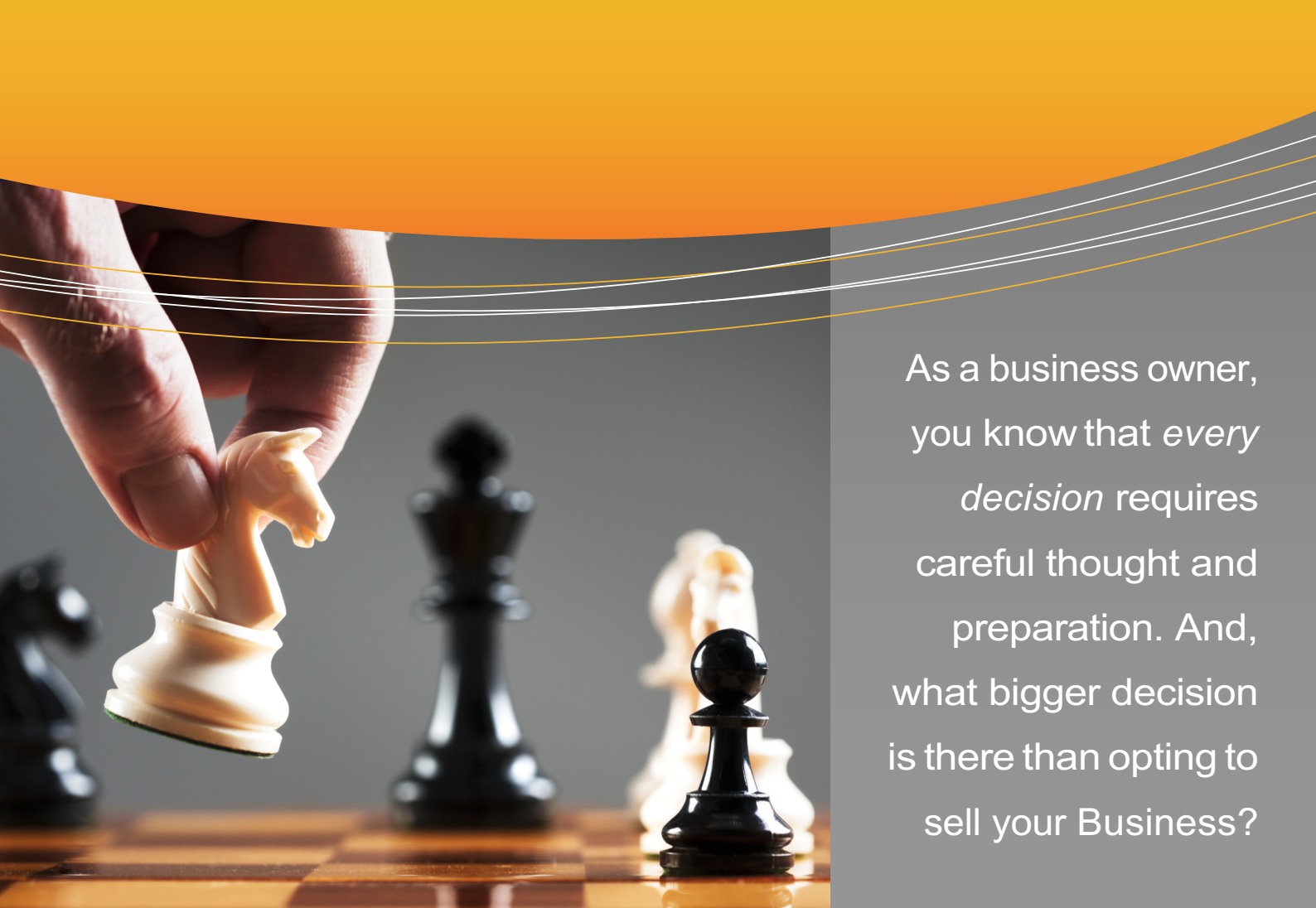




Tips to help you prepare your business for sale



Performance
Business Sales



As a business owner,
you know that *every*
decision requires
careful thought and
preparation. And,
what bigger decision
is there than opting to
sell your Business?

Selling your business may not be in your thoughts today but at some time in the future it probably will be, therefore you should start preparing your business for sale now!

There are numerous things you need to take into consideration, and many steps to ready your business for a sale.

The best single piece of advice we can give a seller is to continue running the business as if you were keeping it for the long-term.

A buyer will be looking at all aspects of your business therefore everything needs to be in order.

Preparation of your business for a sale will help your broker achieve the highest possible price and sell it quicker.

Here are some points to consider when planning the sale of your business:



1

PREPARE FOR THE NEW OWNER

You must remember that you're selling the business, not yourself. Prospective buyers will want to see a strong team in place. This indicates that the business will continue to be successful long after you're out of the picture.

Ask yourself;

If I go on a holiday, can the business run on its own without me?

If you are vital to the business, efforts should be made to gradually delegate key responsibilities to various staff members. A business that is excessively dependent on you increases the potential risk, in the eyes of a prospective buyer.



GET YOUR HOUSE IN ORDER

When it's time to sell your business, you need to consider family members that are working in the business. Do all or some of them need to be replaced? Can their role in the business be undertaken in whole or partly by an existing staff member? Are any family members interested in staying on and working with a new owner short-term or long-term? In other words, look at how the business can be re-structured for a new owner. Address hidden family expense habits to normalize your books prior to putting the business up for sale.

Your books of account need to be up to date and in order. Buyers will want three years of full financial statements, (including balance sheets and income statements) plus management accounts for year to date trading results.



You will need to be able to identify non-recurring or one off expenses including personal expenses for adjustments to the business profit. Your broker and accountant can assist you in identifying and substantiating these items.

An operations & procedures manual is always a winner, making it easier for the new buyer to understand the finer points in operating the business.

Ensure employees have documented job descriptions.

Review all written agreements/contracts with suppliers and customer to make sure they don't expire during the sale.

Customer diversification is very important to ensure the business does not rely on a few or large customers. An ideal business has a broad customer base with a spread of revenues.

Reviewing your lease agreement to ensure it doesn't expire during the sale and includes provision to transfer the lease to a new owner.





3

LOOK AT COST EFFECIENCIES

You need to do everything possible to make your business efficient and profitable.

Sell obsolete or slow-moving stock.

Look for opportunities to remove non-business assets and sell redundant or under-used equipment or assets ahead of a sale.

Carefully analyse all your expenses and weed out the unnecessary costs. Also focus on paring back any expenses you can't cut.



4

HAVE STRONG BUSINESS PROCEDURES

If you have a business plan in place, review and ensure the information is up to date and timely, in line with the overall business operation. If not in place, ensure your processes and policies are documented and up to date.

Having a good accountant or business advisor in place is a good start to implementing strong business procedures.

Businesses are valued based on return of investment (ROI), thus it is essential records of past years financials and policies and strategies are in place to support the overall value of your business.

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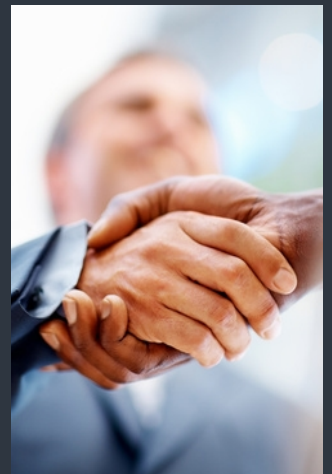
KNOW YOUR REASON FOR SELLING



Your reason for sale is one of the first questions a buyer will ask, so, you need to be able to articulate your motivation. Your answer needs to be honest and, ideally, shouldn't express any urgency.

Buyers would expect to hear things like retirement, moving out of town or pursuing other non-related business interests.

Red flags are raised if the answer seems ambiguous and unsure.





6

PUT YOURSELF IN THE BUYERS SHOES

When a buyer comes out to see your business for the first time, it's important to make a good first impression. Clean office spaces, clean machinery, orderly desks, good tidy premises and street frontage presentation are ways to leave a positive impression. Buyers look for businesses that present well because this can often be indicative of well-run business.

Prepare yourself when meeting with potential buyers to answers questions they will have and provide full details of operations at the site. Your broker will be able to assist in the format of these meetings by pre-empting buyer queries raised during their meetings.

Limiting interruptions during these meeting is imperative.



WHAT PERFORMANCE BUSINESS SALES CAN DO FOR YOU

1. Meet with you to discuss, Preparing Your Business for Sale and assist in formulating a strategy.
2. Thoroughly inspect your business and make recommendations on how best to implement any necessary changes.
3. Make suggestions on how to go about preparing an operations and procedures manual.
4. Value your business. This involves an in-depth market appraisal of the business.
5. Outline a plan on how we will go about marketing your business when you are ready to sell.
6. Discuss our step by Step sale process from listing your business for sale through to settlement and handover to a new owner.

Achieving **perfection** means constantly improving **performance**

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