

GUIDE

PREPARING TO SELL YOUR BUSINESS





6 Key Considerations When Preparing to Sell Your Business

If you are considering selling your business, there are a number of steps you can take to ensure you are well prepared for the process and questions from potential acquirers.

REASONS FOR SELLING

Why are you selling?" is a key question that any prospective buyer will ask.

Having undertaken thousands of these conversations we know that common reasons include approaching retirement, partnership disputes, illness or death; or fears over becoming overworked a concern at struggles to grow the business further.

Your future success will be affected by your finding of a partner which is the right fit for you, so it is vital to always be honest.

And even if your business is in distress, don't despair. Some acquirers – including ourselves – will still be happy to discuss the potential for taking on your business..

TIMING AND EXIT STRATEGY

If you are thinking of selling your business it is vital that you prepare as early as possible. This process will enable you to improve your financial records, business structure and customer base, which will make easier to provide transparent information to any potential buyers.

USING ADVISORS OR BROKERS

Some acquirers, like ourselves, will have Mergers and Acquisitions (M&A) advisors who can help you through the process.

Another option is to utilise the services of an independent adviser or accountant with M&A experience to help you put together a slide deck of key information relating to the business, as well as a detailed explanation of the business

worth, which will give you realistic guidance on pricing for your business.

Alternatively, brokers can be used to produce the information memorandum on your behalf and provide you with suggested pricing. However, bear in mind that broker services can be expensive, and some may wish to take a commission from any arising sale.



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PREPARING DOCUMENTS

When engaging in the process of selling your business you will need to gather at least four years’ financial documents, including the following:

- Profit and loss
- Income statement
- Balance sheet
- Customer attrition and new label customers
- Customer billing history
- Income forecasts
- Cash flow statements

You will also need to create an asset register

of the items to be included in the sale, and a summary of how the business is operated including an up to date operating manual.

Finally, you should make an assessment of the business, and either replace or remove old or broken equipment prior to the sale.

LIMITING THE RISKS

This is a potentially complex discussion all of its own – yet it is, of course, vital. We believe there are six common mistakes made when selling businesses, which we have summarised – together with some pointers on how to avoid them. **Read:** 6 mistakes when selling your company – and how to avoid them.

Let’s have a chat about how we can develop your business together.

