

## Is your business ready for sale?

If your chosen succession exit option is to sell your business, you need to ensure that your business is ready for sale. By addressing a few key issues upfront, you will increase the probability of achieving a sale price that will ensure adequate return for the time and effort that you have invested in the business. With a potential oversupply of businesses for sale due to the pending retirement of business owners, this is more important than ever.

### Key Points

- Having your business ready for sale, will increase your chances for sale and ensure a good return
- Well managed, profitable businesses will always be sought after

### What can you do to make sure your business is ready for sale?

When proposing to sell your business you need to ensure that your business is 'sale ready'. Businesses that are well managed and profitable will always be sought after.

To ensure that your business is 'sale ready', complete the following checklist:

- Is your business documentation in order?
- Are your processes clearly documented?
- Are your systems capable of providing quality information?
- Is your technology and software current and in good working order?
- Are your staff employment agreements current?
- Can you improve tracking of your revenue per client?
- Is your business compliant?
- Are all of your arrangements with business alliance partners, service providers etc up to date?

Proprietor reliance is one of the key considerations when assessing if your business is 'sale ready.' If your firm is too reliant on you, it may be difficult to find someone willing to take over your business. You will need to take steps to reduce this dependence on yourself, and any other key staff who will be leaving the business at the time of sale.

In order to address this issue it is important to start planning for the sale of your business years in advance. By determining your succession plan and choosing a future successor well in advance this problem can be avoided. A key staff member is often the best person to consider as a possible successor as you can start transitioning client management a lot earlier than if you were selling to an external successor.

There are numerous key value drivers you should focus on to optimise the value of your business and ensure that you achieve your desired sale price when it comes time to sell. In addition to the value drivers already discussed, some of the other key value drivers are:

- Loyal clients
- Segmented client base
- Innovation
- Performance benchmarking
- Good systems
- Loyal & committed staff
- Effective succession planning

Check to see if any of the above can be updated to add to your value proposition?

### Useful Websites

[www.bstar.com.au](http://www.bstar.com.au)

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### Steps in planning for sale

The following is a guide as to what you need to do before putting your practice on the market or approaching potential successors:

- Prepare a Selling Memorandum - includes unique selling points
- Prepare a Register for Sale – documentation to be given to potential buyers
- Obtain a business valuation
- Discuss your proposed sale with your professional advisers
- Obtain tax advice prior to sale
- Determine the purchase price

A helpful tool for checking that your documentation is in order is to complete a 'Planning for Sale Checklist'. This is a step by step guide in preparing the information you will need to show prospective purchasers and is a good way of double-checking that your business is in order.

Sources:

- 1 [www.supertrac.com.au](http://www.supertrac.com.au) – 'How to prepare your business for sale'
- 2 Grant Thornton, Grant Thornton 2006 International Business Owners Survey, 2006

For further information regarding the above topic, please contact Ian Sweet or Duncan Miles on (03) 5221 6399.