



Start planning

To ensure you get the **best price for your business** if you decide to sell, you need to **start planning** for such a sale **well in advance**. You also need to consider the issues that could cause you problems. Typically,

- you'll feel your business is worth more than is justified by the marketplace
- your books and records may fail to reflect the true worth of the business
- you may have no audited financial statements available because you've never found any need for them
- Your purchaser may want you to stay on and operate the business.

Sale timing

Too frequently, businesses are sold under duress. This results in the need to obtain the best possible price to settle your affairs. Buyers want bargains. A lack of proper planning by an entrepreneur can throw just such a bargain into their laps. Consider your sale as a long-range process. Today's good planning can result in a **higher price** two or three years down the track. To prepare for a sale, you should:

- get the books in shape; prepare audited financial statements for two or three years and make sure those statements reflect the true worth of the business (that is, neither overstating nor understating its value)
- Improve the portability of the business by hiring and training professional managers and gradually transferring more of the day-to-day control to these people. Professional management in place creates new options for the owner
- Identify potential purchasers and analyse their requirements. Prepare, or have prepared professionally, an information package on your business explaining its history, value and potential
- Begin establishing, or re-establishing, lines of credit. Lines of credit that have been negotiated and settled can make a business much more attractive to potential purchasers.

Retirement

As retirement approaches, you may feel that you'd like to remain involved in your business, but remember that that feeling may change as the years go by. When a business is sold on retirement the proceeds can be safely invested in a way that will ensure a sustained income for the remainder of your life.



◇ *Some issues to consider...* ◇

Consider that pensions are assets tested. Thus, continued ownership of the business could have an impact on your pension entitlements. The funds from the sale of your business could be invested in a way to minimise this problem.

It may be difficult to sell your business without your involvement. If this can be planned for, it need not be a problem. However, if retirement is forced on you, the sale price could be so adversely affected that passing a going concern to children might be a better option.

The decision to sell

When you decide to sell your business you need to consider the following issues.

- Is it the best time to sell?
- Is the business performing poorly?
- Have current economic conditions affected the business?
- Does the business have any contingent liabilities such as impending legal problems?
- How will the sale affect your personal finances?
- How will the sale affect your employees?
- Why are you really selling? Is it due to the workload; the desire for a new challenge; retirement due to ill health or old age or financial reasons?
- Have you considered alternatives such as merging with another business; establishing a partnership or joint venture; partial retirement; or raising funds through a company structure?

More information

We can help you grow and sell your business. Contact us for further information, advice and strategies on how to sell your business including:

- Making your business a better buy
- Importance of and improving financial performance
- Improving saleability
- Valuation issues

We are contactable by email info@t4bc.com.au, telephone 07 46421471 or visit www.t4bc.com.au

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