TIPS FOR SELLING A BUSINESS

FINN BUSINESS SALES

TIP #1

BE PREPARED FOR THE SALE

- It is important to make appropriate preparations when selling your business.
- Ensure that all financial information is updated and readily available when buyers need it.
- Check that all company books, documentation and corporate records are up-to-date and in good order.
- Ensure that all tax and/or government returns are completed and filed up to date, i.e. BAS always lodged and paid on time.

TIP #2

PRICE YOUR BUSINESS TO SELL

- It is important not to have an asking price that is way too high as it will only turn off potential buyers.
- Put a realistic price on your business, allow some room for negotiation.
- You need to be confident the price you are asking is good value for money for the buyer, or they will sense this and the risk is they might walk away because they could feel you are trying to 'rip them off'.

TIP #3

BUSINESS AS USUAL

- While your business is on the market, keep the sales steady and growing — not declining.
- Selling your business can take time (sometimes more than 12 months) so keep your patience — it will happen eventually.
- When selling a business it can be very stressful but try to keep your emotions in check or the business can go down hill.
- Keep a good relationship with your employees and customers.
- Keep taking on more work — assume you will be in the business for the long term.

TIP #4

CONTACT ENQUIRIES WITHIN 24 HOURS

- Make contact with an enquirer within 24 hours (or even less, if possible) - phone is better than email.
- Ensure that you get all the enquirer's contact details; phone number, email address, etc.
- Ask them some pre-qualifying questions:
  - How long have you been looking for a business?
  - What's caused you to look at getting a business?
  - What grabbed you about our business when you saw the advertising?
  - What do you do with yourself at the moment?
- Gather as much information about the enquirer to make sure they are not wasting your time.
- Highlight the unique selling points to the enquirer, e.g. loyal customer base with long-term contracts.

TIP #5

PROVIDE INFORMATION TO THE ENQUIRER

- Email them a Confidentiality Agreement (if you have one)
- If they return this to you, email them a copy of your Business Profile Document.
- Invite the enquirer to have a read over the information and let you know if they'd like to catch-up for a face-to-face chat.
- If you don't have a reply from them within 3-7 days, email or call them and ask if they are still interested in getting hold of the Business Profile Document.

TIP #6

PREPARING FOR YOUR Q&A MEETING

- You might meet somewhere for a chat over a coffee OR you might meet at your house or business premises.
- Read through the Business Profile before the meeting, so you are up-to-date.

TIP #7

Q&A MEETING

- Try and set your time so you meet for around an hour (90 minutes maximum).
- Build rapport by having a chat in general first, then get into how your business might suit them.
- Always be truthful, and don't sugar coat anything, just be straight-forward with them.
- A good mindset is to imagine you are selling the business to one of your family members - you would make sure they knew all the pluses and minuses - it's good to be transparent.
- Don't get too caught-up in the nitty gritty
- Finish the meeting with an agreement on the next step.

TIP #8

AFTER Q&A MEETING

- Follow-up on anything you agreed to do.
- Ask them if they'd like to buy the business.
- Make it easy for them, and say they are welcome to email you an offer, or you're happy to chat about it.
- Try not to be offended by any offer - just counter-offer, and try and finish somewhere in the middle.

TIP #9

FINALISING THE DEAL

- Once you've agreed on a price etc, write a summary of what has been agreed and email it to the buyer (just to make sure they have the same understandings).
- To protect yourself, you are best to ask a Solicitor/ Business Conveyancer to complete your Contract of Sale.
- Email the Solicitor/Business Conveyancer the details, and perhaps ask them to manage the signing process for you and manage the payment of the deposit and final balance.

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