

STAY OR GO

– is it time to sell your business?

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Is it time to sell your business? Or when is the time right to sell?

When business pressures mount, thoughts naturally drift to time off, holidays, improving your golf handicap, landing the big one, carefree travel, more time to relax with the family and you might start questioning if you still have the drive, inclination and enthusiasm to run your business. Or maybe you're thinking... perhaps it's time to make a move into something new or even the light bulb moment when you confront the reality that you'll have to do something significant to be profitable moving forward.

If you can relate to this scenario, then perhaps it's time to reflect and review your options for exiting the business.

But first, if you think it is time to review the exit of your business, I say a big YES!

YES, meaning it is time to implement strategic plans to exit your business at a set future date, regardless of how soon or far away that date is!

Many start with the most convenient tools at hand – an Internet search. One search gave me over 29 million results – so by the time you've wasted precious business hours sorting the fake news, alternative facts and scammers to get some genuinely worthwhile information – oops, taken your eye off the business – better get back to work! Look at the real alternatives:

Find Professional Advice

You consider yourself an expert in your field, so why would you not call in an expert to advise you on exit strategies? Unless you have sold a business before, consider sticking to what you know and bring in an industry expert. Why? While spending time on the sales process, you may take your eye off the ball, you will have a limited perspective and often be influenced by 'personal' comments all of which can greatly reduce your outcomes. We'll get to more on that later in this article but initially, let's consider your options

Review which is the best exit options?

1. Succession

For family-operated businesses, a succession plan should be in place so you can easily pass the baton to the heir apparent. If that is your intention, get the plans in place now so stakeholders will be comfortable with your decision and a seamless transition is assured.

2. New Partnership

Some mature-age businesses can opt to bring a skilled younger partner into the business, with the view to them growing their sharehold before taking over completely at some pre-set time in the future. This not only would give you an injection of capital to grow the value of the business, including your shareholding, before you exit, it is also a great

way to introduce new blood and refreshing new ideas. You as the owner can work less and you know, at the end of the day, the real skill in the process is developing a method where the existing owners and stakeholders achieve their BEST desired results!

3. Merger or Buy Out

Merging with another business is another option worth considering as it may increase the overall value of both businesses and as such increase your shares when it's time to actually leave. A few years back I wrote an article on whether a 'Buy Out is A Smart Move' and happy to share for those considering that option. Mergers or buy outs can be complex and complicated and, I reiterate the summary in the previous article – the smart and easy path is to bring in an expert! Why? One of the most emotionally charged business environments you will ever find yourself in is buying and selling businesses. The apprehension, questions out of left field and unexpected issues seemingly arise adding to the drama. Worst of all is the feeling of exposure and being in a place where you feel exposed both financially and personally. The roller coaster of "it's on – it's off!" can push people to breaking point, as inexperience creates instability.

4. A Sale of your Business

At some stage every business owner faces the question 'is it time sell my business?'



Unfortunately many have this decision forced upon them by circumstances created by the vicious business cycle or medical and family predicaments or their personal failure to heed the early warning signs and get out or act early enough.

Whatever your reasoning, if you have decided, YES, I want to sell and exit, then let's move on with the discussion.

Optimising your Business for sale

Before you call the first business broker you find – STOP. First thing you need to do is keep it to yourself until you have truly optimised your business to ensure the best sale price. While there are great business brokers out there, look for THE specialist, there are also the over-enthusiastic who will advertise and tell the world and suddenly you'll have customers and staff deserting in a worry about their future.

Word easily gets out in industry circles also, and astute or disreputable competitors (depending on your point of view) will start poaching your customers and staff. And suppliers may stop giving you preferential treatment and financiers may call in loans. All scenarios which will devalue your business. And after all, that's the big question everyone asks, 'what is my business worth to sell?'

You may have a valuation for financing or insurance purposes and you may have an idea yourself, but in the end, it's what a buyer is prepared to pay.

Your first action should be, and I can't stress this enough, call in an expert in optimising businesses for sale. This is quite different from a business broker.

And I definitely don't recommend you DIY any exit plans! I didn't do it when I sold my 30 year old business and I suggest your business is likely one of your biggest assets – why risk it. Think about all those tough questions, the anxiety, tension – perhaps is best to travel this very important journey with someone who has not only travelled it some time and importantly knows how to play the game! Your expert MUST know the answers and options to questions before they are asked and those you may never have considered?

Implement a Plan

Once you've decided to sell, call in an external advisor to assist in optimising your business for sale or do it yourself. The specialists have strategic plans to assist you to take a super critical look at your business and note what can be improved. Take a buyer's point of view of the business and consider, 'would I buy this business?' The process is similar to conducting a SWOT analysis – a process that many astute operators carry out on a regular basis.

No Time for Cruising...yet

A decision to sell is not the time to sit back and cruise through the working week. Engage the experts then put the pedal to the metal and work like you've never worked before! Chase up new customers, build up those orders, run productivity programs to ensure you have a lean and mean operating machine and build your business.

It's a good time to perhaps chase some publicity – free publicity, not paid advertising. Getting your name in the local paper, or business pages for some sort of achievement, new client announcement, photos of a great project completed, perhaps even a charity donation or sporting team sponsorship – all go a long way to building your corporate image and perceived at least, standing of your business.

Plant and Equipment Review

While you probably don't want to be making any major capital purchases at this stage, which may either reduce your current funds or

leave the new owner with a significant lease to take on, it may optimise your business if the equipment is in good working order. Get all the maintenance schedules up to date and remove any obsolete equipment so your business presents as a state of the art operation.

Human Resources

Any new owner will likely keep the staff on at least initially, that tends to be the usual procedure. So ensure your staff are your greatest asset and spend this optimisation period, up-skilling your staff to add value to the business.

Contract Reviews

Most sign and print businesses run on an ad hoc customer order basis, but some have contracts in place with major customers such as local councils, real estate companies and the like. Such arrangements will be particularly of interest to a buyer, so make sure all the i's are dotted and t's are crossed on any orders and long-term contracts.

Appearances

You only get one chance to make a first impression, so spruce up the place! Once word is out that your business is for sale, or if an external source discretely approaches buyers on your behalf, you want them to see a vibrant, well-presented place of business to give the impression of a thriving, successful enterprise.

Key Person Issue

Many SME's operate with one key person driving the operation, most likely – YOU. So the question a buyer will want to know is, what will the business lose in value, orders, customers etc when you exit?

This is a crucial issue which your external specialist will best be able to advise on.

Ready for Sale and A Quick Exit

Once you have optimised your business for sale by maximising your strengths and minimising the weaknesses, it's sale time! It's your personal decision whether you want this to happen publicly or more discretely but do be prepared for the long haul – it can take at least 6 months for a business sale to be finalised and the business has to be viable and profitable both for you and the buyer over that time.

How to start?

We have developed a quick questionnaire, just a few questions you may enjoy. Go to www.controlzone.com.au/sellmybusiness register for a free introduction meeting/discussion with well know industry identity Michael O'Connell or email him Michael@asfisherco.com for some valuable insights.