

PREPARING YOUR BUSINESS FOR SALE

Selling a business can be one of the biggest decisions you make. However, once you have decided to sell, there are several important things that you should consider before listing the business on the open market to ensure that your business sells at optimal value.

Business Financials

The most important thing in preparing a business for sale is getting the financials of the business in order. The financials need to be comprehensive and up-to-date. The financials should highlight the financial strength of your business and will make your business look attractive to prospective buyers. Having properly structured financials is very important in order to get your asking price. Other financial preparations such as separating real estate will also help in selling your business.

Lease agreements

You will need to look at your lease agreement for the business premises. First, you will need to determine if you can assign the lease to a purchaser and look at the conditions of doing so. The next important question is the length of the lease. A purchaser wants to ensure that they will be able to operate the business from the premises for many years to come. You may need to negotiate some further rights of renewal to make the lease more attractive to the purchaser. This alone will significantly affect the value of your business.

Intellectual Property

Selling a business involves selling the brand. This means that you should be able to show to prospective purchasers that you own all the intellectual property associated with the business. This involves having the business name and any trademarks registered and all policies and procedures documented. A buyer will want to see that it is purchasing ownership of the name and the brand, and that no one will be able to (or is already) using or relying upon the brand.

Licences & Permits

An important asset of any business are the licences and permits it requires to operate. This could be a liquor licence, gaming licence, alfresco permit, registrations or certificates that enables the business to operate in accordance with all applicable laws and standards. These licences should be in the name of the vendor entity, current and contain appropriate conditions to ensure that the business can operate efficiently.

Employees

A buyer will want to be reassured that the business can run without the you. One way to do this is to build a strong team of employees which shows that the business will operate smoothly and continue to grow without you being heavily involved. Building up a good group of employees is a significant investment but is essential in mitigating the purchaser's risks when they take over, knowing that it will be business as usual for employees.

In the meantime

There are certain things you can do in the lead up to the sale. Spending on improvements will help attract the right purchaser and maximise the sale price. Maintaining high-quality products or services and making sure your assets are in good condition will help attract purchasers and sell the business at your asking price.

The most important thing for preparing your business for sale is to be organised. It is important to have a good understanding of your business and to be able to clearly present all the relevant information to a purchaser. If you would like further information or assistance on preparing your business for sale, please contact Jarrod Ryan (jarrod@ryandurey.com) or Alyce Cassetai (alyce@ryandurey.com).