

To: **The Business Owner**

'Sell for more' when selling your business

...a business seller's checklist

At some stage you may wish to sell your business. There are a number of things you can do to maximise your price and make your business more attractive to potential buyers. By working through the following checklist you will have a more valuable and saleable business.

If you wish to receive an information pack go to www.getmore.co.nz or phone us on **0800 249 277**

How is it looking?

Comments

- Get all maintenance up-to-date and ensure your premises are looking good – replace, fix, clean and paint.
- It's important to attract and retain buyer interest...what areas would help with this?

What's the Profitability like - your financials?

- Do your accounts reflect a well-run and hopefully profitable business? Are they accurate? Is everything there?
- Do they include a reasonable salary? Be able to highlight and explain any unusual items etc. Have your Accountant review these.
- Are your accounts up-to-date?
- Buyers often ask for the last 3 years accounts and will be interested in sales and profits - are these available?
Is this a good business?

Get Cashflow!

- Get your accounts in order and make sure it's all going through the books. This will help maximize your business's value (and give an accurate account of profits).
- Tighten up on all expenses and eliminate any shrinkage.
- Fine tune the sale processes and close-off all outstanding sales opportunities.

Build the value, attend to all off-the balance sheet items:**Comments**

- Tidy your database, if you have one of course?
- Introduce and document all systems - this makes it easy for someone else to buy and operate the business.
- Are all licences and recipes etc. in writing?
- Are all product patents in place?
- Is all customised software documented and supported?
- Will you tell staff and if so, when? Are key players happy to stay on for the new owner?
- Are favourable terms in place with suppliers?

Build your business – think big, be big!

- Push for new business to boost sales leading up to the sale of your business - be active.
- Promote! Be big, bright and profitable...

Sell off obsolete or damaged stock:

- Stock is usually sold at cost or a margin below cost depending on condition, age etc. Sell dated or surplus stock to ensure that you maximise the value of your business, while minimising the entry price for the purchaser.

Sell off any unused plant:

- Realise the value of any surplus plant. This assists in keeping the price down and gives you an opportunity to get a better price for redundant equipment.

Valuing your business:

- Go with a fair price. Buyers generally look at many businesses and know what to expect - too high and a slow sale will kill the action.
- Arriving at a reasonable figure is something of an art. For more visit... "[Selling a business](http://www.nzbizbuysell.co.nz)" on www.nzbizbuysell.co.nz
- Consult or engage a specialist to help.

Straighten your records – get organised:

Comments

- Ensure that all leases have been formalised in a way that is acceptable to you and your likely purchaser.
- All Agency/Sales agreements and/or distribution agreements should also be formalised where possible.
- Any other house-cleaning issues should be attended to.

Fix those problems – no surprises:

- Have all legal and accounting disputes been resolved?
Surprises can kill any deal fast.
- Environmental issues have been attended to?
- Even the slightest problem can scare a potential buyer – identify and fix these.

What about your employees? (detailed in the Agreement, your Lawyer can help)

- When a business is sold, employees are technically made redundant ('vulnerable employees' can elect to stay), even if they are offered employment by the purchaser.
- It is important that you manage this process and treat all employees fairly and reasonably to avoid any potential personal grievance claim – have you a plan?
- Look to involve key personnel as they are likely to be important in the transition and contribute to the future success of the business – identify who and what is involved.

Should I use a broker? (Brokers can help you prepare and advise on all this)

- A broker can help in packaging your business.
They are knowledgeable about the market and will market your business for sale – or have you the skills and time?
- Are you objective? It can also be beneficial to use an objective third party who is not attached to the business and who can dedicate time to the sale process.
Check out "[Brokers to help](#)" on www.nzbizbuysell.co.nz

Your marketing strategy – have a plan:

Comments

- Define your potential buyer; what do they do, their interests and what they read/use etc?
- Determine how you may best create interest and reach (market to) these people.
- How will you qualify your potential buyers?
- What process will best maximise your sale price?

Get your paper work together:

- Have you an Information Memorandum (flier) to give prospective buyers outlining the opportunity?
- Provide a comprehensive list on all assets being sold and the value attached to them.
- Have a copy of your lease available.
- Prepare copies of all permits and licences.
- Any governmental or local body requirements.
- Use an enquiry/contact management sheet to track enquiries, contact details, information requests, and follow-ups.

Things to have:

- Confidentiality Agreement for your protection.
- Lawyer for formalising/checking the Sale Agreement and offering legal advice – important!
- And an Accountant, for financial information, and advice on how to structure your sale to minimise the tax implications.

Be prepared – anticipate Buyer requests:

- Plant (asset) lists, valuation and depreciation schedules. Customer sales breakdowns.
- Accounts/history to aid the buyer get finance.
- Possible vendor finance & transition assistance?

A buyer's first impression is critical to selling any business. Help the buyer feel comfortable in buying your business. Be honest and realistic in your meetings with both brokers and potential buyers – if they feel they are getting the hard sell, they may become over cautious or bail. Selling a business can take time.

This checklist is designed to help you get your best result when selling & should be used in conjunction with professionals. It has been provided to you by NZ Business for Sale specialists' www.nzbizbuysell.co.nz and can only be reproduced with written consent.

For a free, no obligation information pack go to www.getmore.co.nz or phone: 0800 249 277

New Zealand's leading Business for Sale website