

# It's Time- I Want to Sell My Business

**BUSINESS LISTING PACKAGES THAT WORK !**



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## It's Time - I Want To Sell My Business

You've probably worked long and hard for many years building this passion or interest into a thriving business.

And now it's time to sell it, and use the cash to move on to the next exciting stage of your life.

It's different for every seller – it might be a new challenge, going down a new career path, or retiring and working on your golf handicap.

But all seller's face the same challenges and questions;

How much is it worth ? What will I do with the money ? How much will I get taxed ? This is my baby – who's the right sort of person to run it when I'm gone ? (You will get emotional during the process).

SELL A BUSINESS has sold literally hundreds of businesses from small suburban cafes to multi-million dollar mining businesses.

Over the years we have developed a selling system that works, no matter what the size of the enterprise we've been asked to sell.

We hope this document helps to put your mind at ease – yes, it's a big step, but one we break down into a series of smaller steps that (hopefully) will ensure you, your partners, and families have a smooth transition as you prepare to exit the business.



## The (6) Six Steps To Selling Your Business

There are (6) six steps to follow as we guide you through the process (together with your accountant and solicitor) – they are:

1. Preparing to Sell
2. Value Your Business
3. Appoint A Business Broker
4. Have A Marketing Plan
5. Here Come The Buyers
6. We've Found The Buyer....now what ?

### **1. *Preparing To Sell***

The rule of thumb is to have (3) three years of financials available. All buyers are vitally interested in how the business is going financially and what their expected return on investment will be.

Another important step is making sure the business is ready for sale. Things like clearing old stock by having a discounted sale or sending items back to suppliers, encouraging your staff to take any leave owing, and making sure accounts receivable and payable are up to date.

Make sure the business is presentable and hasn't got a run down or desperate look – first impressions mean a lot.

## **2. Value Your Business**

There are two main methods of accessing the value of a business.

You can have your accountant review the financials and come up with a valuation of the business which will give you a value figure (or range) based around assets, liabilities, income and expenses. This method MAY ignore current market conditions and what's selling in the marketplace.

This is when a Business Broker's appraisal can provide a well-rounded overview of the business based on selling experience and historical sales to reach a price or range where the business sits in the market.

## **3. Appoint A Business Broker**

Selling a business can be a long, daunting experience even for experienced business owners who while having a lot of experience 'in business', do not have the same experience in selling (or buying) businesses.

Appointing the right business broker brings someone on board who can help guide you through the sales process.

The role of the broker is to qualify prospective purchasers and act on your behalf in speaking to interested parties. This is often extremely time-consuming and involved, particularly during a due diligence phase, and is one of the key reasons to appoint someone who is qualified and knows what they are doing.

Appointing a broker actually SAVES you time and money because you can continue to work IN the business, while your broker works with you ON selling your business.

Sell A Business are financially, certified members of the Australian Institute of Business Brokers where we receive ongoing training, support, and industry updates that qualify us to get the deal done...*for you.*



#### **4. *Have A Marketing Plan***

A solid marketing plan will let potential buyers know that your business is for sale, and how to make contact. Your listing needs to have strategies in place to ensure highly targeted exposure to as many potential buyers as possible (more on this later).

#### **5. *Here Come The Buyers***

Buyers will start contacting us asking about the business and looking for more information. This is a critical stage where a lot of time can be wasted if the buyers aren't *qualified*. By that we mean a lot of buyers don't really know what they want, they are 'lookers' and comparing opportunities.

The experienced business broker will pick this up quickly by the way the buyer speaks and acts. While buyers are judging our business opportunity, we, as your broker, are also judging them on their commitment and capacity to actually buy the business.

So much time and effort is wasted if your business broker does not have the skills and training to handling buyer enquiry properly and efficiently.

**6. *We've Found A Buyer....Now What ?***

Once a genuine buyer has been found who is interested in buying the business there is usually a series of negotiations as to what is included in the sale, and the actual price. This process is the key to the sale that we have performed many times, often working closely with your accountant and solicitor. Once terms and conditions have been agreed, we draw up a Contract of Sale and send it to you and your solicitor, who often will suggest insertions into the contract that may be unique to you. *But it doesn't end there, its just the start !* Many sellers think once a contract is signed and the deposit has been paid, the business is sold – nothing could be further from the truth. We, as your broker, then start the process of ensuring all the clauses and special conditions of the contract are satisfied on time. (More on this later, but sometimes the clauses and conditions list can be exhaustive).

**The (3) Three Professionals That Will Help You The Most**

Qualified Business Broker + Accountant/Financial Advisor + Solicitor  
= Successful Sale of Your Business

## The Role Of The Seller – That’s You !

The seller’s role is to continue to work IN the business, while the business broker works ON selling the business.

You’ve appointed a broker to assist you in determining price, how to find buyers, how to deal with buyers, create a marketing document, and a myriad of other tasks. Here’s a quick checklist of the role of the seller, some of which were mentioned briefly earlier in this document;

**Financial** - (3) Three years of financial records, bank statements, balance sheets, accounts receivable / payable lists, owners salary, financial forecasts, stock inventory and price, valuation of equipment and fixtures.

**Legal** – building leases, licenses, patent’s/trademarks, employee agreements, franchise agreements, business registration (ABN), contracts and agreements, insurance policies, current loans/agreements. If there is a freehold component to the sale, the land title and any associated agreements.

**Business** – marketing plans, business procedures, employee manuals, training manuals, vendor and customer database, equipment servicing receipts, website details and statistics.

Each business is different in size and the way it operates, and the amount of information required varies. We will advise you on what is required and collate the information and data into working documents that will provide information required by buyers in a professional, concise, easy to follow presentation.

Its also worth mentioning now that information provided to buyers is done so after the potential buyer signs and returns to us a Confidentiality Agreement – we advise you of who the potential buyer is, and seek your approval before dispatching information to the buyer.



## The Role Of The Business Broker

1. Gathering all the information and data together to establish what we are selling and getting the business sale ready.
2. Liaise with the seller, the accountant, and solicitor, to agree on value, the asking price, and selling plan strategies.
3. Put in place a marketing plan to attract qualified buyers
4. Formulate an Information Memorandum to present information to buyers in a professional light (under signed Confidentiality Agreement).
5. Find the right, qualified buyer who is interested in buying the business, and negotiate the terms and conditions of the sale.
6. Prepare the Contract of Sale in co-operation with the seller's solicitor and accountant.
7. Works to satisfy all clauses and special conditions of the contract to ensure they are satisfied and enable the contract to become unconditional and settle....*on time* .

## How Long Will It Take To Sell ?

Selling a business is not like selling a house – that's why real estate agents sell houses, and business brokers sell businesses.

A real estate agent may say it takes an average 90 days to sell a property, but business is quite different. No two businesses are the same (even in franchising) and there are always different inclusions, assets, and financial performance to consider.

You can speak to us as business brokers and we can tell you the businesses that are moving (and the ones that aren't) – we can even give you a price guide based on historical sales. But obtaining data on how long it takes to sell a business is hard. Be prepared to wait a few months, even up to a year to find the right buyer.

## How Much Will It Cost To Sell My Business ?

If it takes possibly up to a year to actually sell the business, its vital that everything we've discussed in this document has been completed and applied to the process – without it, we are wasting your time, and ours. 6-9 months may pass, and alot of hard work, energy, and expense may have been invested.

### ***A word of warning !***

If you contact a broker, or are approached by a broker who insists on you paying them a large amount of money upfront for advertising and preparation of documents, my advice is to have nothing to do with them. We have seen sellers give business brokers up to \$5000.00 UPFRONT to sell their business + access to their credit card !

SELL A BUSINESS **DOES NOT** operate in this manner, and we'd appreciate you letting us know if you experience this kind of pressure and behaviour – it has no place in our industry. I would add that if your broker is not a financial member of the Australian Institute of Business Brokers (AIBB) I would advise against dealing with them.

Everyone knows and accepts the business needs to be exposed to as many potential buyers as possible to achieve the best price – *but it doesn't need to cost you a small fortune.*

Listed below are our services and the fees we charge.

#### **1. Listing Fee \$295.00**

Initial contact with you, your accountant, and solicitor and gathering ALL the information mentioned in this document to prepare the business to be ready for sale.

#### **2. Information Memorandum \$325.00**

Once all the information is gathered we present it in the Information Memorandum to potential buyers

under a signed Confidentiality Agreement, and with your approval – it takes hours to get the IM produced properly, but we get one shot at it, and it must be done correctly.

**3. Advertising and Promotion \$355 (Standard) \$955 (Elite)**

Advertising and promotion on Realbusinesses.com.au, and Sellabusiness.com.au, plus database marketing, and special target groups include our professional network of accountants and solicitors working for buyers, finance brokers and buyer agents, and lending institutions for direct approach.

Realbusinesses.com.au is a key to your advertising and promotion with more than 40,000 potential buyers visiting the site every week looking for opportunities. The price differences highlighted above reflect whether you take a Standard Subscription or Elite Listing on Realbusinesses.com.au – an Elite Listing is twice the size of the Standard Subscription and enjoys preferential positioning near the top of the business category for a period of 90 days. If you can afford it, an Elite Listing is the way to go to generate maximum interest and enquiry.

**4. Social Media Promotion - \$\$\$ No Charge**

Social Media, whether we like it or not, cannot be ignored any longer. There are now more than 2 million Australians using Twitter to exchange news, views, and information.

At SELL A BUSINESS we use both Twitter and LinkedIn to great effect by ‘tweeting’ our listings and our Sellabusiness.com.au website between 5-7 times a week, and using our numerous business and referral groups on LinkedIn to let business advisors know about

opportunities for their clients who may be in the market to buy.

**5. Contract Negotiation/Dealing with Buyers \$\$\$ No Charge**

This is where all the information gathering and presentation comes together – its where we ‘get the job done’ and spend about 75% of our time.

**6. Preparation of Contract of Sale \$300**

We use the Real Estate Institute of Qld (REIQ) accredited Real Works Contract System which is constantly being updated with changes to legislation. The contract (in draft form) is sent to you and your solicitor for perusal, and changes made (if any). The final copy of the contract is then produced for the buyer and seller to sign and date. This process will often save you a lot of money ahead of getting the solicitor to produce the contract from scratch – in co-operation with your solicitor, it’s a process that’s work well.

**7. Total Cost to Sell The Business**

The total cost to sell your business is either **\$1275.00 or \$1875.00 + our success fee %** to sell the business – for the variance in the above amounts we refer you to No. 3 above (Advertising and Promotion) \$355 or \$955 and whether you take a Standard Subscription or Elite Listing.

***The \$1000 Rebate – it’s the SELL A BUSINESS difference.*** Here’s how it works....

You pay the \$1275.00 or \$1875.00 upfront on appointment (that’s your choice).

When the business is *sold* we will rebate you \$1000.00 of the amount you paid upfront against our success fee which is paid at settlement (when you get the money).

In summary, when the business is sold you will only pay \$275.00 or \$875.00 + our success fee because our success fee will be deducted by \$1000.00. If the business doesn't sell or you decide to take it off the market or list with another broker, all monies paid up front are forfeited.

### Our Track Record

SELL A BUSINESS has sold literally hundreds of businesses across Australia – we have sold some businesses more than once. Some of the businesses we have acted for, and been associated with include:





## What Happens Now ?

You are nearly there, just (2) two quick steps:

1. Sign the necessary documentation appointing us as your business broker – we will email it to you.
2. Decide on which Listing Package suits your needs. We will issue you with a tax invoice to enable a funds transfer.

## Need To Know More ?

Contact John Rigby on 0409 795506 or [john@sellabusiness.com.au](mailto:john@sellabusiness.com.au)

## Disclaimer

Whilst all care has been taken in preparation of this material, much of the information and opinion is of a general nature. You should seek your own independent legal/expert advice in relation to any of the information contained herein.

The agency and broker mentioned in this document are not legal advisors, and will accept no legal liability for any loss/liability incurred or suffered through the reliance upon the content in this document.