

Are You Ready To Sell Your Business?

For each of the 10 statements about you and your business, apply a point score of between 1 and 5 to reflect your feelings about selling your business, where:

- 1 = strongly disagree
- 2 = disagree
- 3 = not too fussed either way
- 4 = agree
- 5 = strongly agree

1. I have a crystal clear idea of what I want to do with my life after I sell my business.

Are you sure you want to sell? What does the next chapter in your life look like? Some business owners realise they have given no thought to life beyond owning and running the business and, as a result, back out late on in the process wasting much time, energy and resources.

2. I am willing to take around half of the sale price in cash and loan the buyer the balance for up to three years on mutually agreed terms.

Most business selling deals (there are a few exceptions but not many) require the seller to 'finance' a percentage of the selling price. If you're not ready to consider this likelihood, your expectations may not be realistic. If anyone tells you they can sell your business for 100% cash, you will be wise to question their motives.

3. On balance I would say myself and my business are in pretty good shape.

Are you in a position where you need to sell? Or do you truly want to sell? If you are in a need-to-sell situation, you may have to accept a lower price in order to sell the business quickly... unless you have prepared for the sale systematically and in good time.

4. I have 10 to 20 hours a week I can dedicate to the process of selling my business.

Selling a business can take up a great deal of time, effort and resources. Make sure if you're planning to go it alone, that you have the time to devote to the whole process and not to just the bits you enjoy.

5. There are no pending serious tax or legal problems concerning me in my business.

If your business has significant legal or tax problems, a diligent buyer will most probably find them. You expose yourself to big trouble if you do manage to keep potential problems hidden until after the sale. Get them out into the open. The not-so-good stuff probably won't scare the right buyer away in any case, although it might lower the actual selling price.

6. My business would collapse in a heap if I walked away from it.

If the business is heavily dependent upon you and your skills or the special relationship you have with your customers, it will be more difficult to sell. And don't fool yourself in thinking Uncle Harry will still be the biggest customer after his favourite nephew, or niece, has cashed in!

7. Sales and/or profits have levelled-off recently to the point of declining.

Falling sales and/or profits are a sign of a business struggling for one reason or another. Again, the trend probably won't scare the right kind of buyers away, but it might have an effect the selling price.

8. I have in mind a minimum price I will sell for and not a single penny less.

It's OK to have a price in mind, as long as it's achievable and realistic. Get your business valued by a professional as a reality check on your aspirations.

9. I feel very uncomfortable giving out a lot of financial information about my business.

If you decide to put your business on the market, every aspect of your financial performance and business operations will be examined in microscopic detail. It's important you feel comfortable about giving out this information to serious potential buyers. Hesitancy to release information is often interpreted as trying to hide something.

10. I'm worried about new competition and/or changes in laws and regulations relating to my business.

Let's say you are a shop keeper losing sleep over plans for a new megastore in your locality. Offering your business for sale is not the answer to your problem. Business buyers dig deep and investigate very carefully, so they will undoubtedly uncover any major problems or pending threats to the business.

How to score:

Sub-total your scores for statements 1 to 5: (A)

Sub-total your scores for statements 6 to 10: (B)

Subtract (B) from (A) for your total score:

What it all means:

Highest possible total is 20 points - all 5's for 1-5 and all 1's for 6-10.

Above 12: You and your business are well positioned to sell for the very best price.

10 to 12: Close to being ready to sell, with some fine-tuning needed.

Under 10: You might benefit from some further advice and guidance.

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