



Can Your Business Be Sold?

This addresses the first issue you and anyone else considering a business exit faces: Is your business a good sale prospect and is the timing right?

In other words, will someone pay money to acquire your business or are you better keeping in and using the proceeds to live off of as long as you can ride it out? Too many owners assume they won't find a buyer or get the price they want. Therefore, they avoid the process for far too long and spin their wheels in the process. When you wait too long often, we call these "fire sales" at fire-sale rates—it gives you nothing for the value of your business as a going concern. The only way to harvest the value of business goodwill is through a business sale.

Step 01: Assess the condition of your business as a sale product.

The following questions help you assess factors buyers consider when evaluating the worth of your business as a going concern and a purchase prospect.

Check each factor below. By answering the questions that appear you can assess whether your business is likely to be attractive to buyers or whether it needs improvement prior to a sale offering.

Sales & Profit History

Yes answers indicate a recent sales and profit history that positively affects attractiveness and sale readiness of your business. **No** answers indicate the need for improvement prior to a sale offering.

Yes No

Over the past 3 years, have sales revenues consistently increased?

Have profits consistently increased?

Have costs and operating expenses increased only at a rate consistent with revenue increases?

Financial Condition

Yes answers indicate that your business is financially solvent, which positively affects its attractiveness and sale readiness. **No** answers indicate solvency challenges and a need to decrease debt and increase revenues and assets prior to a sale offering.

Yes No

Do the assets of your business exceed the liabilities of your business?

Is your business able to consistently cover its costs and expenses from sales revenue?

Products & Services

Yes answers indicate that the products and services provided and the processes employed by your business positively affect its attractiveness and sale readiness. **No** answers indicate a need to improve product distinction and/or production processes and systems prior to a sale offering.

Products & Services cont.

Yes No

Does your business offer products and/or services that are distinct and superior to those of your competitors?

Does your business use a proprietary production or business process that serve as a barrier to competitors?

Is your production or service delivery process one that a new owner can easily adopt and carry on?

Are your production and operations processes detailed in an operations manual or other documentation?

Does your business have staff and management to help a new owner successfully manage the transition after the sale of your business?

Location

Yes answers indicate that your business location positively affects its attractiveness and sale readiness. **No** answers indicate a need to improve your location--through a physical move or a shift in reliance on your physical location prior to a sale offering.

Yes No

If your business relies on local or regional clientele, is it located in a market area where the number of prospective customers is increasing?

Is your business located in a region with a strong and growing employee population?

If your business success is reliant on its location, is it covered by a long-term and transferable lease?

Do you foresee little or no threat of geographic or demographic changes that could threaten the long-term viability of your business location (for example, a train line coming through town, a nearby school closure, zoning changes, etc.)?

Facilities & Equipment

Yes answers indicate that your business facilities and equipment positively affect its attractiveness and sale readiness. **No** answers indicate a need to consider upgrades and a lease renegotiation prior to a sale offering.

Yes No

Does your business have modern facilities and equipment?

If you lease your business equipment, are leases long-term and transferable?

Staffing

Yes answers indicate that your staffing situation positively affects its attractiveness and sale readiness. **No** answers indicate a need strengthen staffing and staffing policies prior to a sale offering.

Yes No

Other than yourself, does your business have a staff that customers or clients know and trust, which can provide continuity after your departure from your business?

Have key staff members signed employee contracts that will ensure a smooth transition to a new owner?

Are staffing policies outlined in an employment policy manual?

Clientele

Yes answers indicate that the clientele of your business positively affects its attractiveness and sale readiness. **No** answers indicate a need to strengthen your clientele prior to a sale offering – by broadening your client base, maintaining a customer database,

enhancing customer loyalty, and/or strengthening client relationships with your business rather than with you personally.

Yes **No**

Does your business have a long-standing and loyal clientele?

Does it have a large client roster rather than reliance on a few large clients or customers?

Have major clients signed long-term contracts with your business?

Does your business maintain a customer database that a new owner can rely upon?

Do your customers rely on the offerings of your business more than on your own personal expertise and relationship?

Brand & Reputation

Yes answers indicate that your business brand and reputation positively affect its attractiveness and sale readiness. **No** answers indicate a need to improve your name awareness, reputation, online presence and marketing materials prior to a sale offering.

Yes **No**

Does your business have a name that is well known and respected in its market area and business arena?

Does your business own its name via trademark, as a domain name and on major social media channels?

Does your business have strong online presence including a strong standing in search results and favorable online reviews and ratings?

Does your business have strong and effective marketing tools?

Step 02: Flag areas of your business in need of improvement prior to a sale offering.

Based on your Step 1 assessment, use the following list to flag aspects of your business that need to be strengthened prior to a sale offering

Sales and profits

Financial condition

Products & services

Location

Facilities & equipment

Staffing

Clientele

Brand & reputation

All of the above