

6 Essential Tips For Selling Your Business Successfully



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Kerry Boulton is Australia's most respected Exit Strategy advisor and CEO of the Exit Strategy Group. Welcome to this week's segment.

KERRY BOULTON: With the Summer Olympics coming up in Rio in August, this month. Oh no, not this month. It's in August, it isn't what I said. I'd actually like to reflect back on some of the big events. A few years ago, at the 2010, Winter Olympic Games in Vancouver, I read about in the men's downhill race at Whistler. The winning time was 154 31 and it was posted by a skier from Switzerland.

The time amongst the medalists was that apparently it was the closest in Olympic history. And while Mario Schieber of Austria posted a time of 154 52 just two tenths of a second slower than the Austrian skier. He finished out of the medals in fourth place. So in ski racing, a fifth of a second can be lost in the tiniest of miscalculations.

And when it comes to selling your business, markets can be equally cruel. Get everything right, and you can successfully sell your business for a premium. Misjudge a couple of minor details, and a buyer can walk, leaving you with absolutely nothing. So here's a list of six little details to get right before you put your business on the market.

Number one, find your lease. If you rent space, you might be required to notify your landlord if you intend to sell your company. Read through the fine print and make sure that you're not scrambling at the last minute to seek permission from your landlord to sell. Nothing could be worse.

Number two, professionalize your books. Consider having audited financial statements prepared to give your buyer confidence in your bookkeeping that is so important.

Number three, stop using your company as an ATM. Many business owners run trips and other perks through their business and but if you're planning to sell these sorts of activities and treats will artificially depress your earnings, and that's going to reduce the value of your company in the eyes of a buyer by much more than the value of the actual perks that you're running through the business.

Number four, protect your gross margin. Oftentimes, when leading up to being listed for sale, companies try to grow by chasing low margin business. You tell yourself you need revenue growth, top line growth, but when a buyer seizure growth has come at the expense of your gross margin, they're going to question your Pricing Authority and assume your journey to the bottom of the commoditization heap has actually just begun.

Number five, if you're lucky enough to have formal contracts with your customers, make sure your customer contracts include a survivor clause,

stipulating that the obligations of the contract survive the change of ownership of your company. That way, your customers can't use the sale of your business to wriggle out of their commitments to your business.

Have a lawyer. Just look at the language and make sure that it actually has teeth in your own jurisdiction, wherever that might be.

And number six, get your score, get your value builder score. Take a few minutes to answer the value builder questionnaire, and you'll see how you can perform on key drivers of your company value, and you can identify any gaps that you might need to fill before taking your business to market.

Just send an email to info at info@theexitstrategygroup.com.au, and we'll send you a link to complete the questionnaire. Like competing in the Olympics, selling a business can be an all or nothing affair. Get it right, and you will walk away a winner. Fumble your presentation, and you could end up out of the medals.

If you don't have a copy of Kerry's new book, ***The Uncensored Truth About Exit Strategy***, please visit <https://freeexitstrategybook.com.au/>