

What You Should Know!

Selling your business is a major decision! You have devoted your time, money and energy to building, running and operating your business. It may well represent your life's work. You have decided that now is the right time to sell, and you want the very best professional guidance you can get. This is when working in tandem with a professional business broker can make the difference between just getting rid of the business and selling it for the very best price and terms!

Below are some of the most common questions asked by sellers. The responses are based on both experience and knowledge. If you have any questions that we have not covered please don't hesitate to contact us.

What Can Business Brokers Do -- And, What Can't They Do?

Business brokers are the professionals who will facilitate the successful sale of your business. It is important that you understand just what a professional business broker can do -- as well as what they can't. As your business broker we can help you decide how to price your business and how to structure the sale so it makes sense for everyone -- you and the buyer. We can find the right buyer for your business, work with you and the buyer, every step of the way until the transaction is successfully closed. We will also help the buyer in all the details of the business buying process.

A business broker is not, however, a magician who can sell an overpriced business. Most businesses are saleable if priced and structured properly. You should understand that only the marketplace can determine what a business will sell for. The amount of the down payment you are willing to accept along with the terms of the seller financing can greatly influence not only the ultimate selling price, but also the success of the sale itself.

How Long Does It Take To Sell My Business?

The national average it takes to sell a business is a little over seven months. Keep in mind that an average is just that. Some businesses will take longer to sell, while others will sell in a shorter period of time. The sooner we have all the information needed to begin the marketing process, the shorter the time period should be. It is also important that the business be priced properly right from the start. Some sellers, operating under the premise that they can always come down in price, overprice their business. This theory often "backfires," because buyers often will refuse to look at an overpriced business.

It has been shown that the amount of the down payment may be the key ingredient to a quick sale. The lower the down payment, generally 60 percent of the asking price or less, the shorter the time to a successful sale. A reasonable down payment also tells a potential buyer that the seller has confidence in the business's ability to make the payments.

Why Is Seller Financing So Important To The Sale Of My Business?

Surveys have shown that a seller, who asks for all cash, receives on average only 70 percent of their asking price, while sellers who accept terms receive on average 86 percent of their asking price. That's a difference of 16 percent! In many cases, businesses that are listed for all cash just don't sell. With reasonable terms however, the chances of selling increase dramatically and the time period from listing

to sale greatly decreases. Most sellers are unaware of how much interest they can receive by financing the sale of their business. In some cases, it can greatly increase the amount received. And, again, it tells the buyer that the seller has enough confidence that the business can, indeed, pay for itself.

What Happens When There Is A Buyer For My Business?

When a buyer is sufficiently interested in your business, we will help in the preparation of an offer or proposal. This offer or proposal may have one or more contingencies. Usually, they concern a detailed review of your financial records and may also include a review of your lease arrangements, franchise agreement (if there is one) or other pertinent details of the business. The buyer's proposal will be presented to you for your consideration. You may accept the terms of the offer or you may make a counter-proposal. You should understand, however, that if you do not accept the buyer's proposal, the buyer can withdraw it at any time.

We will submit all offers to you for your consideration. At first review, you may not be pleased with a particular offer; however, it is important to look at it carefully. It may be lacking in some areas, but it might also have some pluses to seriously consider. There is an old adage that says, "The first offer is generally the best one the seller will receive". This does not mean that you should accept the first, or any offer -- just that all offers should be looked at carefully.

When you and the buyer are in agreement, we will work with both of you to satisfy and remove the contingencies in the offer. It is important that you cooperate fully in this process. You don't want the buyer to think that you are hiding anything. The buyer may, at this point, bring in outside advisors to help them review the information. When all the conditions have been met, final papers will be drawn and signed. Once the closing has been completed, money will be distributed and the new owner will take possession of the business. As your business broker professional, we will work with you throughout the entire sales process.

What Can I Do To Help Sell My Business?

You can cooperate fully with us and any other professionals that you are using. A buyer will want up-to-date financial information. If you use an accountant or bookkeeping firm, you can work with them on making current information available. If you are using an attorney, make sure he or she is familiar with the business closing process and the laws of your particular state. You might also ask if their schedule will allow them to participate in the closing on very short notice. If you and the buyer want to close the sale quickly, usually within a few weeks, unless there is an alcohol or other license involved that might delay things, you don't want to wait until the attorney can make the time to prepare the documents or attend the closing. Time is of the essence in any business sale transaction. The failure to close on schedule permits the buyer to reconsider or make changes in the original proposal.

And, finally, your team of advisors must all be working towards the common goal of selling your business for the best price and terms available in the marketplace, and closing the sale as quickly as possible! Remember that, as your professional business broker we are on your side. Only by being as cooperative as possible with us can we best handle your business interests.