

How to sell your business?

People go into business for many reasons. Most notable amongst them is to sell out at a profit or at large enough price to enable a comfortable retirement.

Proprietors who start and grow businesses usually are so intimately involved they are also emotional about what they perceive is its value. But is that how the market of potential buyers perceive it... see below for some suggestions on how to sell your business.

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How to sell your business?

We're often asked the best way to sell a business.

There are two key components at play in the sale of a business:

1. **structuring the transaction**; and,
2. **positioning the business to the market**.

Both elements are important and can significantly impact your result.

Structuring the transaction covers things such as

- **pricing** the business,
- the terms and **conditions** attaching to the sale,
- **key terms** in the contract, and
- ensuring the transaction **structure is as tax effective** as possible.

Much of the structuring is about ensuring the vendors secure the most efficient and effective outcome from the sale. It is about maximising vendor position.

Positioning the business for sale is all about ensuring that you achieve a sale and that you maximise your price. It covers areas such as ensuring there are no hurdles within the business that will limit its saleability, identifying the competitive position of the business within its market segment, ensuring that operating performance is as good as it can be, and that the business benchmarks well in its market.

Positioning also includes identifying the **best time** to take the business to the market, how to take it to the market and who the most likely buyers will be.

Positioning is about doing everything needed to maximise the probability of a sale occurring whereas structuring is about getting the best outcome from a transaction once it has occurred. A lot of people make the mistake of spending most of their energy on the structuring of the transaction. It is important but it only becomes important if the sale is achieved.

Discuss structuring first with your advisers to help identify any key decisions that need to be made but put most of your effort into positioning the business.

To do this you need to get an objective assessment of how the business compares in its market, its competitive position, and what if any impediments to sale exist – all the things a buyer will look at and look for when they assess your business. Most buyers believe that we are currently in a buyer's market and will try to drive down price expectations. Whether or not you are in a buyer's market depends on your industry segment but regardless of this, you are in a competitive market. Buyers may be comparing your business with similar businesses but also opportunities in other industry segments. Securing a sale at the best possible price is about having your business positioned for sale. Preparation time is needed to achieve this so talk to your advisers well in advance of putting your business on the market.

Thinking of selling your business? Talk to us today about how to achieve the best possible outcome.

Where are You Now? Where would you like to be? Call if you want to chat ... We look forward to being of Service

Please do not hesitate to contact us if you would like to review & discuss your current property & tax situation, your asset protection strategy, structuring your next investment property, planning to legally minimise your tax position or just to prepare your next tax return.

We look forward to being of service. We also look forward to your referrals.

To improve our service we welcome all constructive comments on this newsletter and other materials.

Call **Shukri Barbara** at Property Tax Specialists at Shukri@propertytaxspecialists.com.au

Checklists and Templates

To make the compilation & reporting task for 2011 tax returns easier, clients of **Property Tax Specialists** received checklists and templates to facilitate the process ... **saving them time and money ... the 'write' way is having clear documentation.** ATO way means time/money wastage with audit investigation.

The material and contents provided in this publication are informative in nature only. It is not intended to be advice and you should not act specifically on the basis of this information alone. If expert assistance is required, professional advice should be obtained.

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Kind Regards
Shukri Barbara

Property Tax Specialists – [Prosperity & Peace of Mind](#)
Barbara & Co cpa

phone 02 9411 8133

fax 02 9412 2833

mobile 0410 588 305

post: P.O.Box 665 Chatswood NSW 2057

office

Level 5

suite 509, 71-73 Archer Street

Chatswood NSW 2067

website www.propertytaxspecialists.com.au <<http://www.propertytaxspecialists.com.au>>

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