SELLING YOUR BUSINESS

Selling a small business is a complex venture that involves several considerations. It can require that you HIRE a broker, accountant and an attorney as you proceed. This is why we are here to help Educating our customer to understand the issues and the process of selling a business. Whether you profit will depend on the reason for the sale, the timing of the sale, the strength of the business's operation and its structure. The business sale will also require much of your time and, once the business is sold, you will need to determine some smart ways to handle the profit. Reviewing these considerations can help you build a solid plan and make negotiations a success

.1. Reasons for the Sale You've decided to sell your business. Why ? That's one of the first questions a potential buyer will ask. Owners commonly sell their businesses for any of the following reasons:

Retirement

Partnership

Disputes Illness

Death

Becoming overworked

Boredom

Some owners consider selling the business when it is not profitable, but this can make it harder to attract buyers. Consider the business's ability to sell, its readiness and your timing. There are many attributes that can make your business appear more attractive, including:

Increasing profits

Consistent Income figures

A strong customer base

A major contract that spans several years2.

Timing of the Sale Prepare for the sale as early as possible, preferably a year or two ahead of time. The preparation will help you to improve your financial records, business structure and customer base to make the business more profitable. These improvements will also ease the transition for the buyer and keep the business running smoothly. (See also: How To Create A Business Succession Plan)

3. Business Valuation

Next, you'll want to determine the worth of your business to make sure you don't price it too high or too low. Locate a business appraiser to get a valuation. The appraiser will draw up a detailed explanation of the business's worth.

The document will bring credibility to the asking price and can serve as a gauge for your listing price.

4. Selling on Your Own vs. Using a BrokerSelling the business yourself allows you to save money and avoid paying a broker's commission.

It's also the best route when the sale is to a trusted family member or current employee. In other circumstances, a broker can help free up time for you to keep the business up and running, keep the sale quiet and get the highest price (because the broker will want to maximize his or her commission). Discuss expectations and advertisements with the broker and maintain constant communication.5. Preparing DocumentsGather your financial statements and tax returns dating back three to four years and review them with an accountant. In addition, develop a list of equipment that's being sold with the business. Also, create a list of contacts related to sales transactions and supplies, and dig up any relevant paperwork such as your current lease. Create copies of these documents to distribute to financially qualified potential buyers.Your information packet should also provide a summary describing how the business is conducted and/or an up-to-date operating manual. You'll also want to make sure the business is presentable. Any areas of the business or equipment that are broken or run down should be fixed or replaced prior to the sale. (See also: Prepare To Sell Your Business)6. Finding a BuyerA business sale may take between six months and two years according to SCORE, a nonprofit association for entrepreneurs and partner of the U.S. Small Business Administration. Finding the right buyer can be a challenge. Try not to limit your advertising, and you'll attract more potential buyers. (See also: Finding The Best Buyer For Your Small Business)Once you have prospective buyers, keep the process moving along:Get two to three potential buyers just in case the initial deal falters.Stay in contact with the potential buyers.Find out whether the potential buyer prequalifies for financing before giving out information about your business. If you plan to finance the sale, work out the details with an accountant or lawyer so you can reach an agreement with the buyer.Allow some room to negotiate, but stand firm on the price that is reasonable and considers the company's future worth.

Put any agreements in writing. The potential buyers should sign a nondisclosure/confidentiality agreement to protect your information.Try to get the signed purchase agreement into escrow. (See also: Understanding The Escrow Process)You may encounter the following documents after the sale:The bill of the sale, which transfers the business assets to the buyerAn assignment of a leaseA security agreement, which has a seller retain a lien on the business In addition, the buyer may have you sign a non-compete agreement, in which you would agree to not start a new, competing business and woo away customers.7. Handling the ProfitsTake some time,

at least few months, before spending the profits from the sale. Create a plan outlining your financial goals, and learn about any tax consequences associated with the sudden wealth. Speak with a financial professional to determine how you want to invest the money and focus on long-term benefits, such as getting out of debt and saving for retirement. (See also: Advice For Finding The Best Advisor)Bottom Line Selling a business is time-consuming and for many, an emotional venture. A good reason to sell or the existence of a "hot" market can ease the burden, as can the help of professionals

This is why we are here to help take you through all the sales process and make sure goes as smooth as possible