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Preparing your business for sale

It will likely be the biggest financial deal you'll ever make, so it's vitally important to be sure you are properly prepared when selling your business. Taking the proper steps to get your business ready for sale can significantly improve the likelihood of a successful sale.

For many business owners, the prospect of selling the business after years of pouring every effort into growing the company can be emotional and difficult. That's a major reason why it pays to structure a plan to prepare for the sale. Remember, it's crucial to use the same care and patience that is used to grow and sustain a business.

What important steps are needed to prepare your company for sale?

Determine the company's actual worth. There are a lot of formulas for valuing a business. Buyers may base a purchase offer at least in part on the value of the assets in a business, the cash flow, gross revenues, annual growth and other factors. The sale price generally depends on profits and, in most cases, the sale price is some multiple of the businesses profit. Valuations can be obtained from business valuation experts.

Be sure your records are up to date. You want all of your hard work to pay off in the sale, so be sure you have current, detailed records that provide an audited assessment of the company's financial position and future projections.

Remember your staff is an important asset. The loss of key employees during a sale can kill the deal. Key employees may be crucial to the ongoing success of the company. Assess which employees are prepared to stay with the company through the transition.

Assemble a team of experts. No matter how independent you are, the sale of a business isn't something to handle on your own. An experienced team including an attorney, accountant, and business intermediary, will take some of the load off your shoulders so you can spend time running the business when it's needed most. Keep in mind that the sales performance of the company during the time it's on the market is crucial, so working with such advisors will allow you to focus on the on-going operation of the company.

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