


Oxbridge Business Broking

Preparing your private
business for sale:

10 tips to help
you get ready



OXBRIDGE
ACHIEVING
EXCELLENCE

A modern interior setting featuring a bright yellow plastic chair with a chrome metal base. In the background, a white coffee cup sits on a round table. The scene is brightly lit, suggesting a window or large glass door in the background. The floor is a light-colored, reflective tile.

As a private business owner, you know that every major decision requires careful thought and preparation. And what bigger decision is there than opting to sell your business?

If you think a sale may be in your future, it's not as simple as putting up a for-sale sign and inviting bids. There are lots of things you need to take into consideration, and many steps to prepare. Making strategic decisions will help you achieve the highest possible valuation for your company.

Here are some points to consider when planning the eventual sale of your business:

1

Make yourself redundant

You need to remember that you're selling the company, not yourself. Prospective buyers will want to see a strong supporting management team. This indicates that the business will continue to be successful long after you're out of the picture. An easy question to test this is:

If I go on vacation for a month, can the business run on its own?

The best advice is to "make yourself redundant" before a business sale starts as this can become a deal breaker. A buyer should be buying your business and not you. You need to demonstrate that the business can flourish without you so that you can exit.

2

Prepare early

You need to start thinking about ways to maximize profitability before deciding to sell your business. Starting these initiatives in the middle of a sale process means you missed your best opportunity to enhance value.

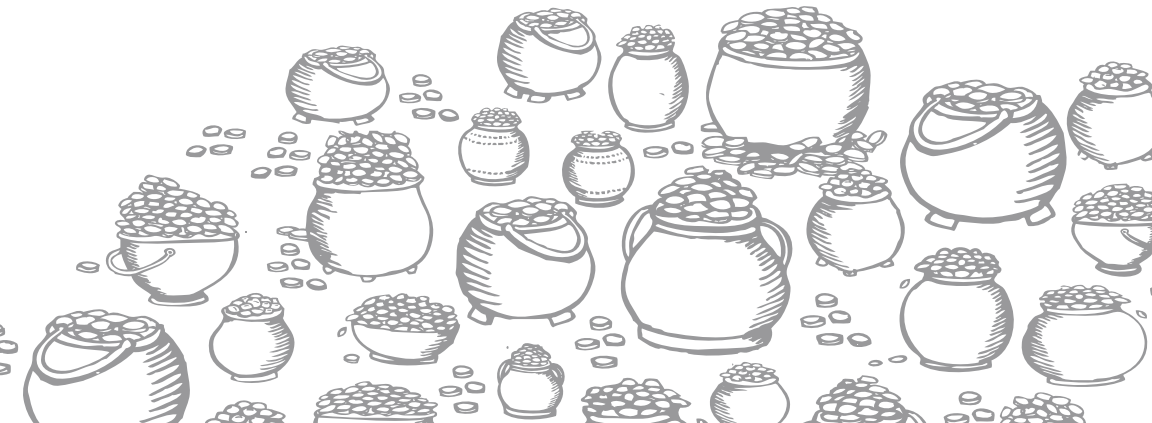
Ideally you want to have demonstrable and higher earnings when it's time to sell. Focus on achieving those operational efficiencies, cost reductions and other value enhancers in advance so they're easily demonstrated to a buyer.



3

Look at cost efficiencies

You don't need to wait for a transaction to clean up the balance sheet and improve efficiencies. Look for opportunities to remove non-business assets (does the business really need that boat or condo?) and monetize redundant or under-used assets ahead of a transaction. Focus on spending and expense control opportunities.



4

Have strong financial controls and processes

Having a good CFO/controller/director of finance in place is a good start to implementing strong financial controls. Take time to really understand your business operations and look at profitability from an objective standpoint.

Reliable financial statements and accurate, timely reporting are attractive features that often influence a buyer's decision.

Presenting your business with solid cash flows, strong management teams and lower capital expenditure requirements, will position your business as an attractive acquisition.

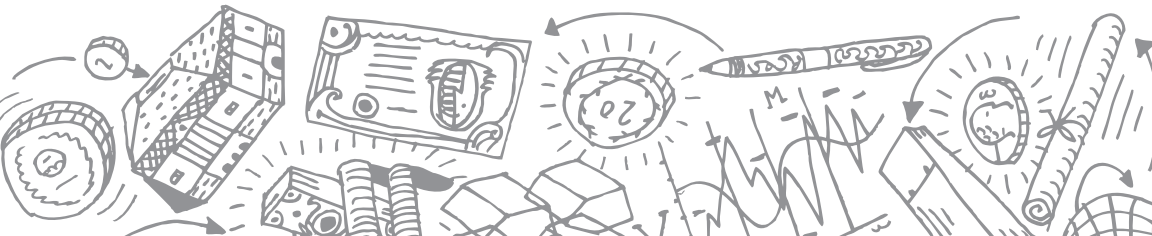


5

Reduce customer concentration

Diversification is more than just a concept for managing your stock portfolio. To many buyers, an ideal business has a broad customer base with little customer concentration.

Some customer concentration may be an unavoidable reality for many businesses. Having signed contracts with customers and being on approved bid lists provides potential buyers with confidence that customers will be retained with the business even after the transfer of ownership.



6

Articulate your vision

Buyers understand good businesses – but you need to “show them the dream”. Take the opportunity to clearly articulate your growth story to buyers and help them understand the vision and goals you’ve set for the business.

Describing the company culture can be a key to helping buyers understand what the future business and prospects could look like.



9

Working capital: understand it, manage it, reduce it!

Working capital is often an overlooked source of value, but it can be difficult for an owner to firmly grasp. Working capital is the lifeblood of a business, and buyers expect to receive a “normal” level. Many private businesses have challenges with properly managing this “cash” in the business (AR + Inventory + prepaids - AP), and many have room for significant improvement.

Managing working capital requires both effort and time, but it can free up “trapped” cash and can lower the total level of working capital buyers expect to be delivered.



To learn more about how ourBusiness Broking practice can help your private business prepare for sale, contact us at business@oxbridge.com.au or business@oxbridge.nz
Visit us at oxbridge.com.au/business



Notes:



Oxbridge Business Broking

About

Oxbridge is a unique innovative fast growing national real estate company in Australia and New Zealand offering the HIGHEST commission split in the industry. Oxbridge provides its agents with the latest software, prospecting support (through sales associates and its patented prospecting software), opportunity to own and grow 100% equity in a rent roll, to manage hotels and rooming accommodation and to sell exclusive projects associated with Oxbridge and other developers.

Oxbridge has over 150+ agents in all states in Australia and is growing exponentially. It has offices in all capitals in Australia and will soon expand to New Zealand, Fiji and Bali. Oxbridge is a finalist for the 2019 REIQ Innovation Award.

This publication contains information in summary form, current as of the date of publication, and is intended for general guidance only. It should not be regarded as comprehensive or a substitute for professional advice. Before taking any particular course of action, contact Oxbridge or another professional advisor to discuss these matters in the context of your particular circumstances. We accept no responsibility for any loss or damage occasioned by your reliance on information contained in this publication.

oxbridge.com.au

oxbridge.nz