

Selling Your Business

In his article, "Due Diligence Is Not Just For Buyers", (Australian Financial Review, Nov 06, 2003), Mark Lawson urges business owners to exercise due diligence before selling their businesses. We emphasize three of his points below.

Are you planning to sell your business?

Identify problems that may affect the value of your business and solve them before they are discovered by potential buyers. Otherwise, buyers may use these issues to negotiate a lower price. Make sure to do the following.

- Keep all of your business records in order.
- Request a voluntary audit or an appraisal by a certified, independent third-party professional.
- Address problems before they devalue your business.

Are you a Lifer or an Exiter?

A study of sales of small businesses by Eyes Wide Open, a Sydney-based consulting company, identified two types of business owners: "a lifer" and "an exiter". A lifer is in the business for life, not having provided for a means of leaving. No one else can do his or her job. The majority of small business owners are lifers.

Exiters, however, set up their businesses so they can walk away at any time, and the business will continue to run. An interesting similarity among exiters is that each has undergone some sort of crisis -- going broke, losing a partner, or losing a major client. Such crises force owners to organize their businesses, introducing systems and cross-training staff, making it much easier to walk away. These measures require work, but business owners who make the effort find that they can sell their businesses more easily or even keep them running under effective managers without having to sell.

Do you want top dollar for your business?

An audit or appraisal identifies problems with your business, but such an assessment may not relate these problems to specific inefficiencies in business practices. Assessments also do not tell you how to solve these problems. Solutions may involve defining policies, flowcharting processes, creating job descriptions, or developing procedural instructions -- all actions that you, yourself, must take. You may need advice about improving the physical appearance of your business or about helping employees work together more efficiently. You may need help in revising and updating operational policies, or you may need help in brainstorming solutions.

Let us help you identify your policies and procedures and document them before you put your business on the market. We stand ready to work with you to achieve your short- and long-range goals.

Contact

Robert H. Strickland Associates

P. O. Box 1388

Everett, Washington 98206-1388

Phone: 425-876-2139 / Fax: 425-258-4061

Email: mail@roberthstrickland.com

Note: Our services are not intended to substitute for sound legal, financial, and accounting services. Our goal is to help you, your attorney, your banker, and your accountant in serving your needs more effectively. Copyright 2004 Robert H. Strickland. All rights reserved.