



7 TIPS FOR SELLING YOUR BUSINESS

What you need to know to achieve the best
outcome





SELLING YOUR BUSINESS

Quick reference for owners

Selling a business is a complex process that involves thorough considerations. It often requires expertise from different professionals like brokers, accountants solicitor as you proceed.

Multiple critical factors will affect the ultimate profit after sale significantly including:

- the reason for the sale;
- the timing of the sale;
- the strength of the business's operation;
- the current business structure;
- the handover process;
- tax planning after the sale.

We have collated seven tips for you to consider so you can formulate a smart exit strategy and a solid negotiation plan

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Reasons

A run-down business makes it hard to attract quality buyers and higher price. Therefore a valid reason for the sale is important.

Common reasons for sale are:

Retirement

Partnership disputes

Illness or death

Becoming overworked

Boredom

Timing

Plan ahead and allow at least 12 months to prepare for the sale. Getting ready well in advance by boosting up the profit with consistent or upward sales figure, complete financial record, clear business structure and diverse customer base

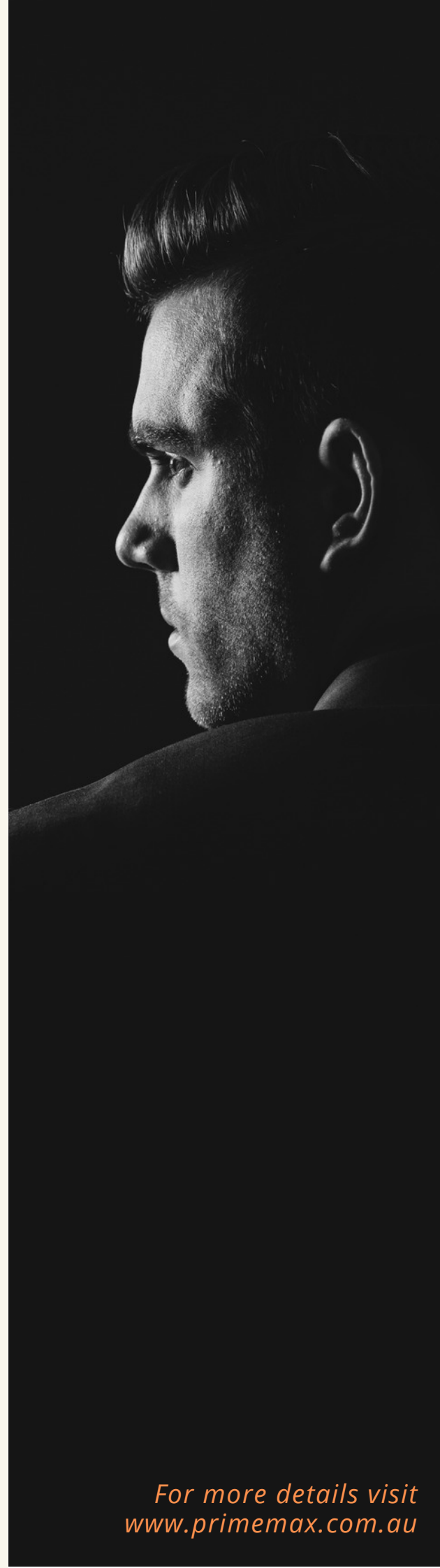
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Valuations

Setting up the right price for your business will attract sufficient buyer inquires hence better bargaining power and quicker sale. Engaging an independent valuer not only helps you understand the real value of your business but also can be used as an evidence to justify your asking price.

DIY vs Broker

DIY is only recommended if you are selling to your family members or current employees who know the business. Hiring a trusted broker is well worth the money for the benefit of peace of mind in this complex process.



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Documents

At least 3 years of financials and tax returns as well as business bank statements are the minimum requirement. Any long term financial commitment (i.e. chattel mortgage, lease contracts) that goes with the business will also need to give to the buyer for due diligence purpose. Have all these documents handy will leave a good impression to potential buyers that the business is well managed.

Finding a broker

Talk to your trusted advisers (i.e. accountants or solicitors) and they can recommend a good broker for you. Interview with a few brokers and ensure you are comfortable with the one you will work with. Select the broker based on his/her professionalism and experience instead of price. An advertising fee will normally be charged upfront and a success fee on percentage of the final sale price upon completion.



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Tax planning

Finding a buyer who is willing to pay the expected price is only half of the success in the process. Careful consideration needs to be given on how the proceed from sale of the business be treated. It is strongly recommended professional opinions are obtained in that inappropriate handling of the proceed has significant tax consequence therefore it may affect the ultimate outcome of the transaction adversely.

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RUNNING YOUR OWN BUSINESS

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