

BUSINESS NEWS TODAY

Surviving the Sales Cycle

Why You May be the Biggest Speed Bump in Closing the Sale

A number of factors influence the time it will take to sell your business, including the price of your business, your willingness to help finance the buyer, and the type of business you are selling.

Generally speaking, however, it takes an average of 60 to 180 days to find a buyer for a business.

At that point the price and terms you are offering will become some of the most important factors in expediting the sale.

Obviously, the more reasonably priced, and favorable the terms offered, the faster the sale will close.

“But there are some very simple things you can do to help expedite the sale of your business,” says Principle Broker, Otis Florence. “And they have nothing to do with conceding price or terms to a buyer. They are all about being prepared.”

Florence emphasized that the principal stumbling block to a smooth and swift sale is often a lack of preparedness on the seller’s part.

Keeping books and records, and particularly tax filings current is critical. You should also keep inventory and asset lists up to date.

“A good broker won’t even show your business to perspective buyers until they have this information to present,” said Florence.

Without it, it’s impossible for the broker to intelligently advise their seller client.

The Historical Sales, Profitability and

Assets of a business determine its value, what lenders will be willing to finance, and the type of buyer or investor that will be a candidate for acquisition.

“If a business doesn’t have its financials in order—particularly its taxes—it can add months to the sales cycle,” said Florence. He is also quick to add that, “The middle of a crisis is no time to have to get a handle on things.”

Although no one plans to sell their business because of a health crisis, family emergency or death—life happens—and these, second only to retirement, are the leading causes of business transition.

“All too often, business owners find themselves in a situation they were not

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expecting, and realize that they must sell. If the internal affairs of the company, particularly its financial records have not been kept up to date a timely sale is nearly impossible.

“It’s best to have a clear exit strategy for your business,” says Florence, “where you have developed a relationship with a broker ahead of time. But at the very least, you should be keeping a ‘Just in Case’ file for your business.

“It should include copies of the company’s federal tax returns, year to date

financials and other important business documents such as leases, asset lists, and so forth. Make a habit of updating it quarterly, and be sure your family knows where it is.

“I have actually seen it take longer to get the necessary paperwork (on a business) together,

than it did to obtain a purchase agreement, get financing and close the sale. And I have seen it more than once.

“Keeping your business’ records up to date just makes good sense. And doing so will ultimately give you leverage in the sales processes—no matter what circumstances you sell under.”



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