

How To Prepare a Business For Sale



August 15, 2015

Major Steps Involved in Selling a Business



- Business owner decides to sell business
- Determine the value of your business
- Gather information into a marketing package
- Marketing the business
- Identify potential buyers
- Arrange meetings with buyer and seller
- Offer to Purchase / Letter of Intent – Moving Forward
- Negotiating and deal structure
- Due Diligence
- Closing

Determining When to Sell



- Burnout / Boredom
- Retirement (age)
- Health
- Economic factors
- Lack of operating capital / Need for growth capital
- Industry overview
- Employee stability
- Sales / Cash Flow

Gathering Pertinent Documents



- Interim profit & loss statement & balance sheet
- Three years of tax returns & income statements
- Current asset list
- Assets and Liabilities
- Facility information
- Employee information
- Company history
- Other information to include
 - Asking price, deal structure and financing, marketing strategies, Industry trends, Industry trade journals

Understanding the Valuation Process



- **Objective**
 - Owner's Discretionary Cash Flow (ODCF)
 - Asset Value
 - Inventory Value
 - Accounts Receivable (A/R) and Accounts Payable (A/P) – included?
 - Leverage – Financing
 - Asset vs. Stock sale

Understanding the Valuation Process



■ Subjective

- Years in business
- Employees
- Reason for selling
- Length of training
- Customer and supplier base allocation
- Business Type
- Other factors:
 - Market strength, Industry growth, Appearance, Location, Owner's involvement

Prepare For Sale: Human Resources



- Remove yourself from the business
- Develop a strong management team
- Replace family members that work in the business

Prepare For Sale: Financial



- Increase sales annually
- Reduce the amount of owner perks
- Sell off all unnecessary assets
- Reduce inventory to the least manageable level
- Reduce unnecessary large purchases

Prepare For Sale: Operations



- Have written procedures for operations
- Develop an organizational chart
- Eliminate unproductive employees

Prepare For Sale: Sales and Marketing



- Develop a strong sales force
- Diversify the customer base
- Develop and/or improve company website
- Keep you're A/R higher than your AP
- Keep A/R within 30-60 days

Our Services

Get the Five-Point Advantage

- Selling a Business
- Buying a Business
- Business Valuation
- Business Debt Funding
- Business Advisory Services



Get The Vant Group Advantage And Discover Our Difference!

- We deliver the **Five- Point Advantage** to our clients: Selling a business, Buying a business, Business valuation, Funding, and Business advisory services
- Founded in 1999
- Closed 80% of the businesses we listed vs. 40% Industry average
- Consistently sold business within 95% of the asking prices
- Closed 500+ business transactions for diverse businesses; including manufacturing, technology, energy, healthcare and service industries
- Established industry best practices as basis for two leading books on business transfer
- 20 years of buying and selling businesses for our own portfolio

Exit and Entrance

T|V|G
THE VANT





The Vant Group

17766 Preston Rd

Dallas, TX 75252

972.458.8989

thevantgroup.com

info@thevantgroup.com