

STEP BY STEP

How to prepare a business for sale

Preparing to sell the business often isn't an owner's top priority. But all business owners will need to sell their company, transfer it to a family member or liquidate at some point in time. The need to sell a business is often triggered by unforeseen circumstances, such as a death, disability or divorce, which might add pressure and make effective planning difficult.

The complications of daily operations also may keep business owners from effectively planning for the future. Taking basic steps in advance will help facilitate a smoother process and likely produce a better financial result when the time comes to sell.

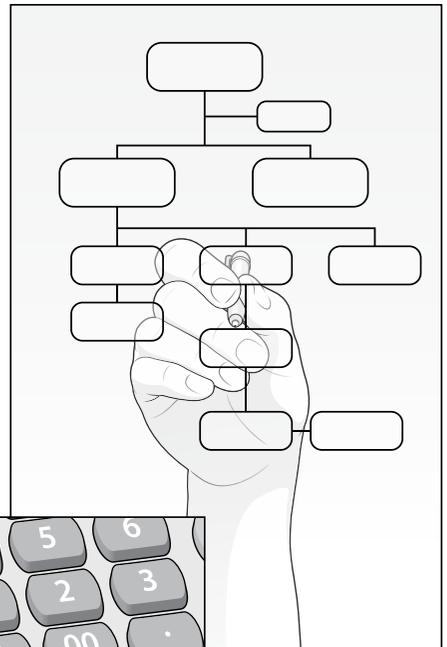
As owners plan for the sale of their businesses, it's important to assemble a trusted team of experts, including a lawyer, an accountant and a merger-and-acquisition adviser. This team will guide them through the process and help prevent mistakes. Taking steps to ready a business for sale will improve the value of the business and its marketability. Preparation can increase a company's sale price and make it more likely to sell within a reasonable time frame.

Follow these three steps to successfully prepare a business for sale. 

SOURCE: Ronald Edmonds, The Principium Group

STEP 1

Begin structuring the business to thrive without the owner involved. A buyer can better imagine taking over a business with a sound management team that can retain the company's most important assets—its people and customers.



STEP 2

With an accountant, address and improve the quality and timeliness of the company's financial information. A buyer could lose interest if financial reports aren't expedient or it takes too long for the seller to answer questions.



STEP 3

Focus on the health of the business while preparing it for sale. Contemplating a sale can cause a business owner to take his or her eye off the ball, but it's important to continue to focus on growth, profitability and recurring revenue.

