

Preparing for a successful business sale

Selling a business can be one of the most important and financially rewarding events in your working life, and if properly planned and executed can deliver a result which may exceed your expectations. However, in many circumstances vendors can leave it too late to being planning for a successful exit.

Crowe Horwath Global Corporate Advisors have first hand experience with companies (both on the buy and sell side) that had not properly prepared for a sale transaction. Often the lack of preparedness resulted in significant value being lost to the vendor.

This is a situation which can be easily overcome with careful strategic planning, which can be conducted continually or at least several years prior to sale. This will assist in maximising the sale price on exit, and should also make the sale process shorter and less stressful.

From our experience, the businesses that deliver the higher values under a sale transaction are those which have a strong understanding of;

1. The Market: The market in which they trade, their competitors operations and future expected changes.
2. Their Business Value Drivers: Focus on the areas which deliver value within their business and conduct continual analysis on financial performance and valuation, with a strategy around continual improvement.
3. Protecting / Maintaining Revenue: Ensuring revenue is maintainable, with strong customer relationships and protected with contracts (where possible);

4. Protecting / Maintaining Gross Margin: Ensuring margin is maintainable and reacting to changes in the market to ensure this is maintained (for example passing on price increases to customers, hedging raw material costs or sourcing cheaper suppliers);
5. Identifying & Protecting Intellectual Property; All valuable intellectual property that can be protected should be protected as this adds to its value.
6. Key People / Succession Issues: This is key to ensuring the owner can exit the business and has the management team in place to ensure the businesses continuity.

These are just a few of the many issues a vendor needs to have considered and managed prior to entering into a sale process. To put yourself in the best possible position of delivering the optimum value under an eventual sale transaction it is important to identify and manage all relevant factors. Crowe Horwath Global Corporate Advisors are able to assist you in identifying and managing all the relevant factors, to ensure you are prepared for conducting a successful sale transaction. For more information contact your local Global Corporate Advisor Office.