

3 Reasons Why Your Business Is Not Ready for Sale



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There Are Many Reasons Why Business Owners Do Not Have a Ready-to-Sell Business, But Are They Good Reasons?

What pressing matters are you experiencing as a business owner? Are they growth, cash flow issues, employee problems? How about the consequences of this global pandemic or the country's economy?

I am willing to take a risk and say that getting your business ready for sale has not even made it onto the list, or at least it's at the very bottom somewhere. The problem is that so many business owners do not think about exiting their business until they need or want to sell. By then it is often too late to do much about it.

Let us look at three reasons why this happens:

- You think you will never need to "sell" your business.
- You will get your business ready for sale later.
- You are not sure where to start.

You Think You Will Never Need to Sell Your Business

This is a common sentiment for most business owners, either:

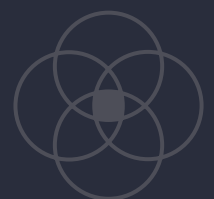
- You already have a plan to offer the business to your children, business partner, or management team; or
- You love what you do so much you can never see yourself retiring.

Here is the problem:

What if your original plans change, your children no longer want the company, your business partner leaves, or the management team never materialises?

We simply do not know what is around the corner, life is unpredictable. Therefore, by building a business that is exit ready, you are preparing for those unforeseen events and will have a viable and actionable alternative plan.

If you can never see yourself retiring because you love what you do so much, that is something to be respected; however, there is one thing that cannot be avoided, and that is death. Plans need to be made to ensure that once it happens there is a very clear and detailed process of what needs to take place in your absence. I am almost certain that you would not want your loved ones having to deal with not only your death but also your business. Should this happen, it could mean they lose out financially and



all those years of hard work you put into your business. Also if you have no exit plan, it could leave your employees stranded without employment.

With this in mind, it is wise and prudent to arrange your business so you are able to exit your business on your terms at the date of your choosing, yet at the same time have processes and procedures in place to cater for unexpected life events.

Please know that by getting your business exit ready you are not going to have to exit it, unless you want to, that is. It means that you have control over the process, and you are not leaving your future and the financial future of your loved ones to chance.

What it means to have an exit-ready business:

- You will have a stronger negotiation position when you sell or get approached by an investor, should you wish to sell.
- It will be easier to raise capital, should you require it.
- It focuses your energies in building value into your business.
- You create more options for yourself.
- You will always be prepared no matter what the future holds.

By getting your business exit ready now, you can benefit from knowing you are prepared for future eventualities and also reap the rewards of increased profits and a better lifestyle, whatever that may look like for you. Looking at it in another way, there is absolutely no downside in getting yourself and your business exit ready as soon as possible.

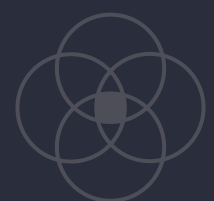
Later On You Will Get Your Business Exit Ready

This is something I hear a lot, and this is down to two key reasons:

1. **There is no sense of urgency.** What are the consequences of not getting your business exit ready this financial year? Probably nothing. Will it have a negative effect on your personal life now? I highly doubt it. You will probably find everything will go on as normal. This could go on for years without you realising it.
2. **It takes longer that you think.** I advise my clients it usually takes up to five years to get a business exit ready. Why five years? Well, if you want to sell, most buyers or investors will want to see at least three to five years' worth of financial accounts. Also, it takes a lot of work to get a business exit ready, and you do not want to rush this process.

Although you won't feel any effects of not getting your business exit ready now, you will definitely experience the negative impact when it comes time to exit. I also appreciate that five years does seem like a long way away, but if you break it down, it is only 60 months and I do not know about you, but time seems to be flying by!

The earlier you start to get your business exit ready, the better, that way you will benefit from a more efficient business as well as an improved lifestyle.



You Are Not Sure Where to Start

If you are not quite sure how to start, I recommend following the following steps:

1. Find out the current value of your business.
2. Determine how saleable your business is by taking the saleability test at www.saleabilitytest.com.
3. Understand your current financial position and the amount of money you will need to retire on.
4. Have a clear understanding of what you need to achieve within your business to reach your personal and financial goals. You can find out your exit readiness score at www.businessbydesign.co.uk
5. Determine your target buyer.

In the hustle and bustle of running a business it is very easy to take your eye off the ultimate end goal—successfully exiting your business. Keep focused and do not be afraid to ask for help.

Would you like to make sure your business is ready for sale? Learn more about how we can assist you. Please contact Cliff at Business By Design for a free confidential phone call to see how we can assist you.



Written by Cliff Spolander

Founder of:
Business By Design— Value Creation Process
Business Optics

Author of:
The Cash Flow Code: 6 Keys to
Unlocking Ultimate Cash Flow
The Smarter Exit: A Strategic Plan to
Grow and Exit Your Business

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