



## **PREPARING YOUR BUSINESS FOR SALE**

**By Lola Lang**

Fellow of the Australian Institute of Business Brokers.  
Director of Lang Consultancy – Sydney Business Broker.

**The sale of one's business, for whatever reason, requires necessary preparation and planning to ensure that the business is represented at its best thus achieving the highest possible sale price for the vendor at the time of sale.**

**You only sell your business once so you've only got one chance to get it right!**

**With our extensive experience in selling restaurants and cafes in Sydney we have found that a well prepared business can achieve results that leave the vendor tens of thousands of dollars better off.**

### **Business presentation:**

**Whether selling a home or a business steps must be taken to ensure that good first impression to a potential buyer. Look at your business with the eyes of the buyer. Clean up, maintain and paint the premises where necessary. Ensure that the premises comply with all regulatory requirements.**

### **Business financials:**

**Ensure that your financial records are up-to-date as potential buyers will want to see the last three (3) years of your financial records as part of their due diligence process. The accounts should cover only the income and expenses of your business. Adjustments made include one-off expenses such as legal fees, equipment repairs etc.**

**Selling a business in Sydney, Melbourne, Brisbane or other major centres brings with it an even higher level of scrutiny as the competition for the sale of quality business can be intense.**

### **Commercial premises lease:**

Review business premise leases to ensure that the lease does not expire or require negotiation during the time when you plan to sell the business.

### **Document employee roles:**

Each employee should have a documented, clearly defined role highlighting tasks and procedures for a seamless transition of business. Make it easy for a buyer to step into your role. Create a procedure manual in order that any buyer will be able to operate the business effortlessly once the vendor exits.

### **Clarify what is for sale:**

Specify the tangible assets of the business in a comprehensively listed inventory. Clarify what is fully owned and what is encumbered. All plant and equipment not included in the sale should be itemised to avoid confusion or misunderstanding prior to handover.

### **Business relationships:**

Document all key relationships e.g. suppliers to assist when the new owner steps into the business.

### **Retention of staff:**

Retaining key employees after transition to the new owner may be important for a successful sale, so determine which employees are prepared to stay with the business. After settlement, the previous business owner may agree to remain with the business for an agreed period of time without pay in order to assist the buyer with training operations etc. Consideration should be given to the length of time offered if so agreed.

When selling a business in Sydney, or other markets where the competition for loyal quality staff is high, this can be a real asset in the sale of your business.

### **Conversation with your financial advisor:**

**When you decide to sell your business make it a point to obtain the tax advice you need to ensure that there are no obstacles that will delay the sale when you are ready to close the deal and to minimise your tax burden as well.**

### **Determining the sale price of your business:**

**In addition to preparing your business for sale, the vendor also needs to prepare themselves. Engaging a professional business consultant to advise on the realistic price of your business is wise and ensures a successful and quick outcome.**

**Buyers will be working through their own due diligence process and will want to know exactly what they are getting for the purchase price. It is also a good idea to have the professional business consultant prepare information packs for genuine potential buyers. An Information Memorandum that presents the business professionally and transparently will ensure a higher sale price for the business.**

### **Consult with a Specialist:**

**The sale of a business can be quite complex. The impact of not completing any step as well as it should have been can be a substantial reduction in the amount you will return for your business. If you are not sure, ask. Assistance is available.**

### **AUTHOR:**

Lola Lang (Fellow of the Australian Institute of Business Brokers) is the Director of Lang Consultancy (NSW) Pty Ltd.

Lola is a consummate professional business broker/consultant who has gained the respect and loyalty of her clients for over thirty years.

She is recognised as Sydney's leading cafe restaurant/hospitality specialist - Fellow of the Australian Institute of Business Brokers, ensuring personalised service, totally committed focus and proven sales record with a strong belief in integrity.

Mobile: 0414 313 314

Email: [lola@langconsultancy.com.au](mailto:lola@langconsultancy.com.au)

