

Maximizing the Sale of Your Business Pt.

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Making any major life change is worthy of heavy consideration. Selling a business that you have spent years pouring yourself into is no different. Here are some more tips to help you maximize the sale of your business so that you can get the profit you deserve.

Get a Business Valuation



A business valuation is when you have a professional comb through your business and help you determine its financial value. This step can be very hard on some business owners because when you start a business and build it from the bottom up it becomes a part of you, almost like a child. And as any parent will tell you, it's harder to see the negative aspects of your own children. Parents are a bit blind in this way. That is why making sure that this step is done by a non-biased professional is the best way. This way you can make sure that you are asking a fair price without having to make those kinds of difficult decisions yourself.

Don't Forget Your Intangible Assets

A business's worth is not just in the amount of equipment that it has, the amount of stock or how much money it made last year. There are also assets that cannot be touched or held. These assets are called intangibles. Intangible assets are things like people, knowledge, experience, and market position. These things can sometimes be just as valuable as the tangible property. Customer awareness and a strong brand are important to buyers because it means that they will have to invest less money and time into building those things if they already exist on a strong level. Many companies and individuals are willing to pay more for a company with a strong brand than for a company with a lot of tangible assets. You can always buy more "things", but it's much hard to buy loyalty with customers.

Know Your Buyer

Just as you would take into account your targeted customer base, you want to take into account your potential buyers. Financial buyers are very prominent and they are specifically looking for businesses that they can buy using debt financing. This means that they will only pay a percentage of the asking price. They are looking for cash flow, cash flow, cash flow. They want a business that will allow them to maximize their profits in a minimum amount of time. Financial buyers are less interested in building a

brand and continuing with a service than they are in making deals. There are some disadvantages to selling to a financial buyer.

Strategic buyers on the other hand, expect synergies with their holdings. This means that they are looking to buy a business that already fits within the model that they are building. They are willing to pay more if a business lines up with their needs. Because they have already built a small string of businesses, they can afford to pay a premium price. Keep in mind that while you may get a better price with a strategic buyer, they may have goals different from your own, so you will need to be prepared to let go of the business completely when you sell.

Selling a business and building a successful exit strategy are both about getting your ducks in a row.

You need to have a clear idea of what you want and where you want to go. Don't be afraid to ask for help and be prepared to let go of the business you have worked so hard for. Remember, you are talking about planning the next adventure in your life. You can't start a new one until you're done with the old one.

United Health Care Capital is committed to helping small business owners with valuations, business transition and exit plan strategy. If you are interested in learning more, [contact United HealthCare Capital](#) to see how we can assist with your business transition and exit planning.

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