CPA

Practice Advisor

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From the May 2013 issue.

Most business owners buy annual tax and assurance services from their accountant easily enough, but when it comes to investing in business advice, owners can be hesitant. Entrepreneurs reckon they know their business better than anyone and many take the attitude, "If it ain't broke, why fix it?"

For an accountant keen to expand her practice beyond filing tax returns, fighting this

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have called a plumber in to fix the leaky faucet in the bathroom, hired a painter to freshen up the walls, or brought in a gardener to tart up the backyard.

You may have been perfectly happy to live with a leaky faucet, scuffed walls and an overgrown backyard for years; but when you decided to sell, you invested in your home because you knew you would get a handsome return on every dollar spent on services.

The same phenomenon can be seen in the business market, where owners spend years running a company with duct tape wrapped around some of their thorniest problems. They are inert; hesitant to spend on business advice when good enough is good enough. But when they make the decision to sell, they open their hidden wallet – full of money to spend on services they know will deliver a return on their investment many times over.

Here are five services to offer business owners who are fixing up their business in advance of a sale:

- **1. An Audit:** Business buyers like to see that a business has invested in a professional set of books. Owners may have balked at the cost of an audit before, but in the face of selling soon, they'll invest the extra money in a rigorous set of books.
- **2. A Valuation:** Owners planning to sell want to know what their business is worth. Having a formal valuation done can help owners go into a negotiation informed.
- **3. A Growth Plan:** For a lot of owners, their business plan is in their head. That won't cut it for a buyer who will want to see the owner's projections for the future. The process of working with you on a plan will help them run their business in the short term and be essential when they get an expression of interest from a buyer.

4. A Tax Plan: When an owner sells, the most important number is what is left in

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spent on advice from your firm will pay off many times over when it is time to sell.

John Warrillow is the founder of The Sellability Score, a tool used by accountants to start the succession planning conversation with their clients. He is also the author of "Built to Sell: Creating a Business That Can Thrive Without You."

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