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successful sale. Understanding their goals and the current state of the business can...

**Christopher Hayden** • Nov. 02, 2022



At some point, business owners must make the hard decision to either step down from their position or sell the business. For many, the sale of their business allows them to achieve their goals for retirement or the next chapters in their lives.

You can do several things to help your clients prepare their businesses to sell and

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The first step is to determine your client's end goals. There are two important questions to consider here:

- When do they want to sell? Are they looking to sell in the next 3-5 years, or further down the road?
- What is their next chapter? After they sell their business, what are their plans for the next stage in life and retirement? How much **money will they need**? Do they plan to pass the money to their children or donate it to charity?

Understanding their end goals is an important step because it will help you better prepare the business for sale. If your client wants to sell their business and travel the world for a few years while also paying for their grandchildren's college tuition, they will need to get their business into a position where the sale can afford them this luxury.

## Where Are They At Now?

Once you understand your client's goals, you can start looking at where they are *right now*. To achieve their end goals, their business needs to be in the right place.

Consider:

- The business's current value
- Whether they already have enough
- If they have some ground to make up

Once you know where your client is at and where they want to go, you can create a plan to get them from point A to point B.

## Develop a Plan

Creating a plan will help your client prepare for the sale of their business and achieve

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- Do they have standard operating procedures (SOPs) in place? SOPs make it easier for the owner to step down without interrupting operations.
- Do they need to invest in more marketing?

Once you have identified what needs to be done to get the business into position for a sale, you can develop a plan to implement these changes.

If the client plans to sell the business in 10 years, it may not be necessary to be aggressive with changes. However, if the goal is to sell in the next few years, more significant changes may need to be made to ensure staff is in place and the business is profitable enough to fetch the desired price.

### **Are They Willing to Finance? If So, How Much?**

Consider whether the client is willing to finance, and if they are open to the idea, how much would they be willing to finance?

For example, a buyer may want to put down 20% and pay 10% per year for the next eight years. Is this an arrangement they would consider? What is their risk tolerance?

Financing can make the business more attractive to buyers, but there is always the risk that the business may go under before the balance is paid.

### **Do They Have Potential Buyers They Can Approach?**

Does the client have any potential buyers they can approach about the sale? Potential buyers could be competitors, trade organizations, suppliers, or even key employees.

If they are having difficulty pinpointing potential buyers, a broker can help.

Once you have a plan, it's important to review it regularly and make changes as needed until it's time to put the business up for sale.

# Keep a Tight Lid on the Plan

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