

Getting the Most Out of Your Business.



When you are running a business and are making strategic decisions or even just little decisions, you should always be thinking about how the decision will impact on the value of your business and how it will affect your exit strategy.

With just a little thought you can shape your business so that when the time to sell is upon you will know with a fair degree of accuracy:

- Who might buy
- How much you might be able to get for it
- When it might sell
- Why someone might buy it

With this in mind we have developed a checklist for you to rate how well prepared your business is for sale.

Remember it is not just how much money you are making that counts. More important is whether you will be able to convince a buyer that they will be able to make that amount too. If you can, your business will be worth much more than the average business like yours that is making the same amount of money.

If you want help in the process of Maximising your Business Value, see our website or contact us about further coaching assistance we offer in this area.

<http://www.bcibusinessbrokers.com.au>

“One day you will sell your business. The best time to start thinking about it is now”

Evaluate Your Business – Checklist for Increasing your Business Value

Tick the circle that best represents your answer to the questions below. If any question is irrelevant for you then disregard the question and take 5 points off the total. It is the percentage that is important.

	Not at all			Certainly	
	1	2	3	4	5
Know Your Business					
1. Would you buy your own business?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Have you done a SWOT on your business?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Is your business in an industry or market that is growing?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
History of Ownership					
4. Have you owned your business more than 3 years?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. Have there been less than three owners in seven years?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Image and Brand					
6. Does the office/factory/shop present well?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. Do you have brand recognition in the marketplace?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. Do you have recent client testimonials?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9. Do you have a regular and systematic PR campaign?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Clients and Suppliers					
10. Do you have contracts with suppliers, if needed?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
11. Do you have contracts with clients, if needed?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
12. Do you have written contracts with agents, if needed?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
13. Is there an even spread of clients (none more than 15%)?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Intellectual Property					
14. Are Trademarks Patents and Designs registered, where necessary?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
15. Do you own the copyright on your website?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16. Do you have an IP Database?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lease					
17. Is the lease long enough for a purchaser to take over?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
18. Will the landlord grant a longer lease if required?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reason For Sale					
19. Is the reason for sale genuine?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employees					
20. Is there a detailed register of employees with job descriptions, pay rates etc?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
21. Can you safely tell your staff about the sale before exchange of contracts?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
22. Are staff well paid (at least above award)?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
23. Are staff paid all wages on the books?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
24. Are staff well trained?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25. Is staff turnover low?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
26. Is there a risk of key staff leaving and taking clients?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Your Role					
27. Are you relatively unimportant to the business?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
28. Could you safely take a holiday for two weeks?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Computerisation					
29. Is your business computerized as highly as possible?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
30. Is your database of clients clean and usable?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sub Total	Score/150				

	Not at all			Certainly	
	1	2	3	4	5
Credit Rating					
31. Do you have a healthy credit rating?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
32. Do you pay bills on time?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Financial Data					
33. Do you have Tax Returns for the most recent year?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
34. Do you have current management figures?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
35. Is the recent trading history steady?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
36. If no accurate data is available, can you prove revenue?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
37. Is the working capital requirement minimal?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
38. Do you have a cash-flow projection for next 12 months.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Plant and Equipment					
39. Do you have a current list of Plant and Equipment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
40. Is the Plant and Equipment in good condition?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Stock					
41. Is the business carrying the right amount of stock?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
42. Is more than 80% of the stock good and saleable?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Competition					
43. Do you know your competition?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
44. Do you know the size of your market?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
45. Do you know your percentage of the market?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Online Strength					
46. Is your website current and modern?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
47. Can you change your own website content?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
48. Do you have online sales?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
49. Do you use Social Media?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Systems					
50. Do you have an operations manual?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
51. Is your sales process systemized?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Business Plan					
52. Do you have a business plan?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
53. Is your business plan worked on regularly?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
54. Do you have a business coach?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
55. Do you regularly attend networking functions?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Plan the Sale					
56. Have you asked who might buy your business?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
57. Do you know when you would like to sell?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
58. Do you have a price in mind for your business?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Form Your Team					
59. Is your solicitor highly experienced in business sales?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
60. Is your accountant highly experienced in business sales?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Total This Page/150 or other Total

Sub Total C/F/150 or other Total

Total/300 or other Total

Divide Your score by the total points as assessed to find your percentage score. See Below

Your Score 40-50%. Your business will leave most of the value to the buyer.

Your Score 50 to 65%. Looking good but you still need to fine tune so as to unlock premium value.

Your Score 65 to 80%. You can expect to receive around 25% more than the average price for a business like yours.

Your Score above 80%: You are in great shape. You know how to build businesses, so sell now and start again on a new venture or buy another business where you can make the most of your skills.

**SUPPLEMENTARY QUESTIONS THAT SHOULD BE ASKED
BEFORE YOU PUT THE BUSINESS ON THE MARKET?**

61. When would be the perfect time for you to sell the business?	
62. Will you sell the shares in the company or the assets of the company?	
63. Will you transfer leases in any equipment/plant/fitout?	
64. Would you reduce the price if the business remained unsold after six months? Twelve months?	
65. Would you consider an earn-out clause , where you would receive part payment initially with the balance over time based on the performance of the business?	
66. Would you engage a business broker ?	
67. What are the things you would look for in a business broker ?	
68. Will you take the business off the market on an accepted offer being made?	
69. Will you allow the buyer to do due diligence and what will you make available for inspection for that process?	
70. Who would be the ideal buyer for your business?	
71. Do you have a target price for your business?	
72. Do you know what the landlord's attitude would be to a request for a longer lease , if applicable?	
73. Would you offer vendor finance to the buyer and for what portion of the sale price and on what terms?	
74. Are you prepared to sign a non-compete clause? For how long and offering what radius of protection?	
75. Will you assist the purchaser for a month during handover?	
76. Would you be happy to stay on after sale for an extended post-sale period and on what terms?	
77. Would you consider selling part only of the business?	

You can scan and email this form after completion to **BCI Business Brokers** at tarena@bc.com.au and we will give you a no obligation summary analysis of your business and its readiness for sale.

If you need an explanation of any of these terms, or the effect of any of the above, please consult your BCI Business Broker.

The questions above are designed to start the thinking process around matters that can be crucial to a successful sale. In many cases, a point is raised during the negotiation process that can cause the whole negotiation to collapse and die.

Prudent preparation can often make the difference between a sale going through or falling over.