



**DIRECT BUSINESS**  
HUB

**THE 7  
SIMPLE  
STEPS TO  
SELL YOUR  
OWN BUSINESS**

# Deciding to sell your business is one of the biggest decisions you make in life.

**A business for many is their most significant investment; both as a job and an asset, hopefully it is one that has provided you with a return on your capital investment and your time.**

A business for many is their most significant investment; both as a job and an asset, hopefully it is one that has provided you with a return on your capital investment and your time.

For some, the sale of their business has been something they have been planning for years and is the culmination of many years of hard work. For others, the sale of their business is due to factors outside their control, and might require a quick sale.

In either scenario you can take the steps to ensure you have the best chance of maximising the sale price and selling in the shortest time.

This E-Book is not exhaustive, rather it is intended to be a handy guide to help you understand the main steps in the overall sale process. It will help you gain insight and awareness of the key steps which must happen between now and the sale of your business.

It would be impossible to anticipate every situation that might occur for your sale, but the

fundamentals covered in this E-Book will help demystify a sometimes-complex process.

By selling your business yourself you will be saving thousands of dollars in commissions, expensive marketing, and brokerage fees.

Selling your own business has another distinctive advantage in that you know your business better than anyone.

This places you in a great position to quickly answer any questions a buyer might have without delay or third-party misunderstandings.

When selling your business, be yourself, be honest, be transparent and be diligent. Buyers will be more confident in you and will trust and respect you which can be great assets when to selling your business.

**Let's get started.**

# STEP ONE

“

**Remember, it's  
okay to be yourself.**

*- Sir Richard Branson*

”

Before going any further  
have you asked yourself.

## Why are you selling?

Business owners sell for many different reasons. In a perfect world you would sell a business when the business is running well, profits are growing year after year, and the business is managed by highly capable and autonomous staff making money for the owner. This type of business is highly sought after and usually attract higher prices.

If you are selling, due to personal reasons and require a quick sale, then the price you set must represent value for a buyer.

To maximise the chances of a successful sale you need to think clearly about what is for sale and why someone would buy what you are selling. Buyers may see value in your assets, your lease, location, market position, brand recognition or trading history.

If you are committed to selling your business, you must then consider how long you can afford to wait while your 'selling' your business, it's not uncommon to hear of businesses which are overpriced and poorly marketed taking 6-12 months or longer to sell.

When you have made the decision and go on the market it is important to maintain all aspects of your business. Because, if your business revenue or profitability drops, it can harm the value of the business and take longer to sell.

Many business owners tend to stop making decisions, stop chasing customers and so on once they go on the market which can be detrimental to the business and the new owner. Don't let this be you.





“

**By not preparing,  
you are preparing  
to fail.**

*- Benjamin Franklin*

”

## STEP TWO

### Preparing to **sell your business.**

Preparing to sell your business is perhaps the most important part of the sale process. There is an old saying – a business that is well listed – is half sold. This means, if your business is priced and marketed correctly, you are well on your way to a successful sale.

Having a really well written ad is imperative, as your ad is what a buyer will read and respond to so understanding what might interest a buyer is critical. More on this later.

We are often asked “how long should I spend preparing my business for sale?”. The truth is you can always be more prepared but in the real world sometimes you need to move quickly.

Having said that; the fastest way to lose a buyer, is not having the information they need available when they request it.

## The following list gives you a checklist of the most common requests from buyers:

- The financials are in most cases the first thing a buyer wants and needs.  
*The profit and loss trading statements ideally for 3 years should be available. Work with your accountant to be able to show a potential buyer all personal expenses, owners wages and superannuation. Have your year to date figures if possible and keep all records up to date like BAS statements as they may also be requested.*
- Your lease or property details.
- Staff details and wages summary.
- A list of all assets included in the sale.
- To meet with the owner (after hours) and inspect the business.

Remember, the fastest way to lose a buyer, is not having the information they need available when they request it.

Once you have prepared the list above it is time to price your business. If your business does not represent value and opportunity to a buyer, compared to similar businesses, you will not receive many (or any) enquires.

There are many methods of pricing a business, so you may need to work with your accountant or see the [“what is my business worth”](#) section on the Direct Business Hub website for more information.

## Preparing for sale also means clearly defining what is for sale and what is included.

Prepare an itemised list of included assets and provide details where it makes sense such as vehicles or valuable items.

Assets include plant and equipment, fixtures, fittings and Intellectual Property (IP). Some items that are to be included may still have lease payments or repayments so make sure these payout figures are noted and mention if they will be paid out (or not) on the settlement of the business.

Intellectual Property (IP) assets could include items such as business trading names, email addresses, phone numbers, website addresses, domain names, social media, patents, trademarks and logos.

Stock is usually on top of the asking price because the value of your stock will change every day right up until the day of settlement. Your stock will typically be valued at landed cost and should be mentioned as an approximate value when advertising your business.

This allows buyers to factor this amount when seeking finance. Stock should be easily counted upon a stocktake usually the day/s before settlement and should be current and saleable.

If stock is aged or non-current or out of date you need to be prepared on how this will be managed, which may require being thrown in or heavily discounted by agreement.



Dealing with buyers, their accountant, bank and solicitor can be a frustrating process but if you are well prepared with all documents, information and financials ready and up to date, you will have a smoother process and the buyer will be more likely to keep moving forward through the process.

If you want to go the extra mile to help make your business stand out to a buyer, you can prepare what is known as an Information memorandum.

**An information memorandum is one of the best ways to showcase your business, tell your story and highlight the strengths, the value and the opportunity for a new owner.**

## **An Information Memorandum has many advantages such as:**

- Helping the buyer and their advisors gain a good understanding of the business beyond talking to you in person.
- Allowing them to get a better understanding of the business and look for where they see opportunities.
- Helping buyers to prepare logical questions to fill in gaps in their current understanding and to address any queries they might have.
- Providing the buyer with greater understanding as well as comfort and confidence in relation to moving forward.
- Providing operational, financial, and other information that helps accountants and bank managers, who rarely see the business for themselves, understand the business and make informed decisions about it for the buyer.
- Making your business appear more professional whilst helping the buyers progress.
- Giving you a distinct advantage over other businesses the buyer may also be considering but are poorly presented.

**Once you are at this point it is time to focus on how to market your business.**





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**Make it simple.  
Make it memorable.  
Make it inviting to  
look at.  
Make it fun to read.**

- Leo Burnett

”

## STEP THREE

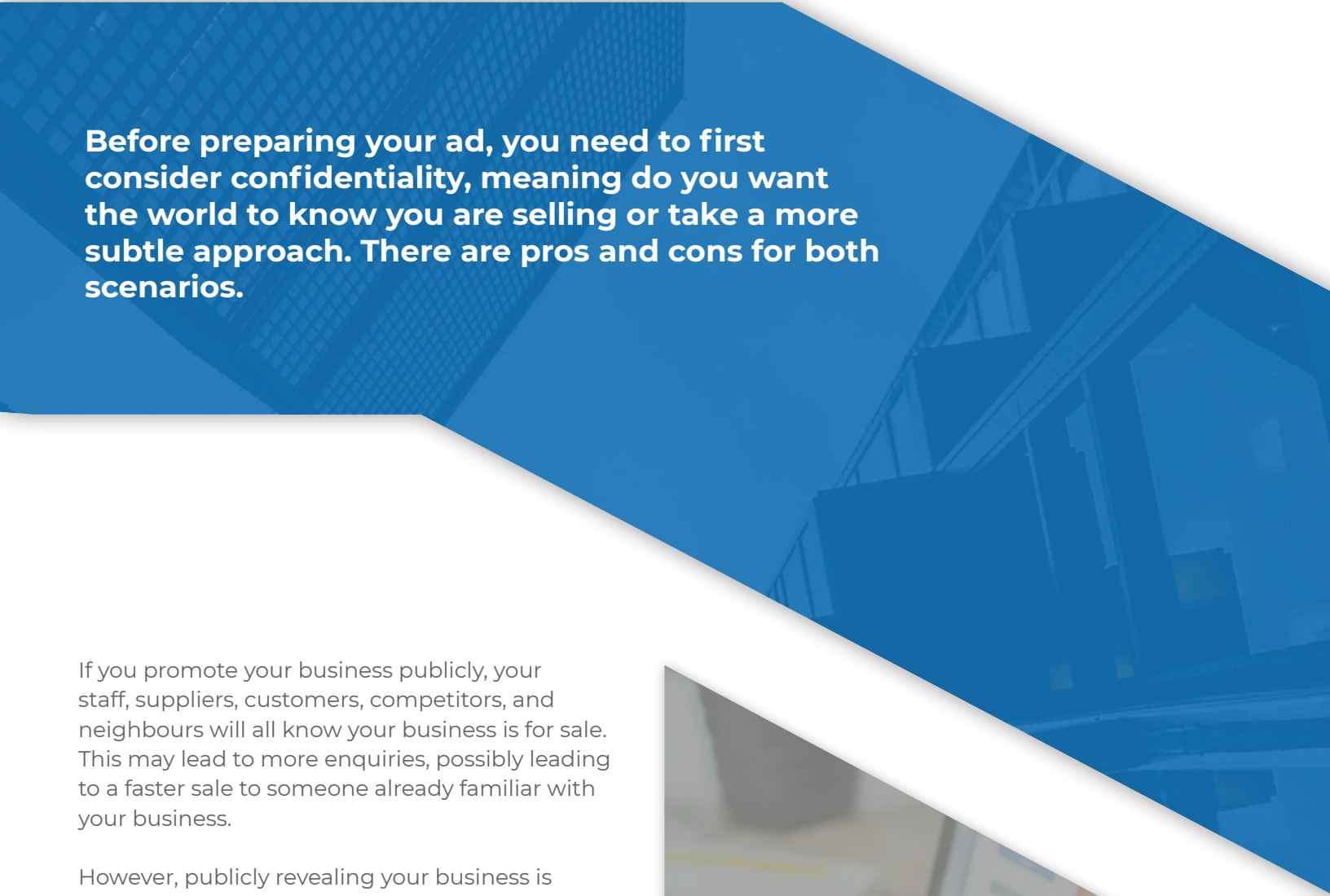
### The marketing and advertising of your business.

#### How do you attract buyers?

How your ad looks and reads is only half the battle in finding your buyer. Ensuring buyers see your ad is the key. Traditional classified style marketing is simply not enough and will not attract the best buyers.

Direct Business Hub was created to solve this problem for you by giving you access and exposure to the most visited business for sale websites in Australia.





**Before preparing your ad, you need to first consider confidentiality, meaning do you want the world to know you are selling or take a more subtle approach. There are pros and cons for both scenarios.**

If you promote your business publicly, your staff, suppliers, customers, competitors, and neighbours will all know your business is for sale. This may lead to more enquiries, possibly leading to a faster sale to someone already familiar with your business.


However, publicly revealing your business is for sale can be very disruptive to your business operations, through staff changes, unscheduled inspections, gossip, and customers loyalty just to name a few.

Taking a subtle approach means advertising your business opportunity, by providing factual but non-specific information about the business without revealing your business name, address and by using non-identifying images.

For most sellers, we recommend a confidential sale process.

When writing your ad, remember people don't just randomly start searching for a business. They are looking for a business for a reason.

**The more attributes your business offers, the more appealing your business will be, and this helps you get your business SOLD!**



A **carefully planned** and **well written** ad along with great images will engage with **more buyers.**

**For our easy to read step by step guide on how to write the perfect advertisement click here!**

## STEP FOUR

“

**Don't try to tell  
the customer  
what they want.**

*- Gene Buckley*

”

### This is the step in the process where your business sale **starts to feel real.**

When you get your first enquiries, maintain your composure, and don't oversell your business or you can put the buyer off.

Typically, you'll receive an email with the buyer's contact details so you can call them at your convenience. If your business has been listed confidentially one handy tip is to make your phone number appear private when calling the buyer. To do so enter #31# before dialling their number (i.e. #31# 0400 000 000).

It is generally a good idea to maintain a register of every buyer enquiry so you can follow up and keep a record of your conversations. You should treat every enquiry as though they could be the actual buyer.

In your first conversation with the buyer you should be willing to answer some of the buyer's questions, but it is also your opportunity to ask about the buyer's skills, experience and plans. You should ask the buyer to sign a confidentiality agreement before providing any identifying information.

As part of the process, remember your business won't suit every buyer, so you may receive enquires which you feel are non-genuine, or a waste of time. Be mindful from your ad alone buyers won't know enough about your business or the opportunity to make an informed decision, so having a good chat with them first might help you both save time.

After the buyer has returned the signed confidentiality agreement and you are comfortable they are a genuine buyer it's now time to provide the information memorandum (if applicable), financials, lease and asset list your prepared earlier so they can commence their discovery process, this is also called "due diligence" by some buyers. It's also a great time to arrange a face to face meeting.

Buyers will respond better when they can freely receive the information and build confidence through an honest and transparent process with a person they like and trust.

Remember, this is more about the buyer, you should be willing to answer their questions to help them understand your business. One common mistake seller's make is to ramble or be over enthusiastic. The best meeting outcome is when the buyer leaves with their questions answered.

Once you have been through the steps above it is time to ask the buyer if they want to buy your business. In our experience, it is best you phrase the question as follows: "Are you comfortable with the business and ready to move forward?"

**The next section will take you through the process for the offer.**

# STEP FIVE

## The offer and acceptance.

The offer is about far more than just the price, it is important you consider all the terms of the sale holistically.

A letter of offer template is a great starting point to capture the key aspects of the sale. The more aspects of the deal from the list below which you can agree to now and capture on the letter of the offer form the more time and legal expenses you can save later.

### Where possible have the buyer include or consider the following:

- The buyer's full names and contact details.
- The buyer's solicitors contact details.
- The name and address of the business.
- The price for the business and stock if applicable.
- Any agreed training period.
- Is the purchase subject to finance?
- Is the purchase subject to an assignment of any existing leases?
- Is the sale subject to the transfer of contracts or agreements?
- What is the proposed timing of the sale and the settlement date?
- The amount of the deposit (generally 10% of the sale price).

If you are willing to accept the offer, it is important to check with your accountant and solicitor for any final advice before accepting the offer.

Remember, the letter of offer is not a legal document, it is simply a guide to help the solicitor prepare the sale contract and both parties will rely on the contract.

If all is well, do not forget to tell the buyer you are ready to have the contract prepared and request a 10% deposit be paid into your solicitors' trust account.

**This is the beginning of the formal sale process.**

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**Nothing happens  
until a sale is  
made.**

- Thomas Watson Sr.

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## STEP SIX

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**Done is better  
than perfect.**

- Sheryl Sandberg

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### The formal **sale process**.

Now that the offer and the terms have been accepted by the seller, it is time to have your solicitor prepare the contract of sale with the information captured from letter of offer.

It's not uncommon for your solicitor to request additional information to be included in the contract.

Once a draft contract is prepared it will be sent by your solicitor to the buyers' solicitor for review. Ideally, you and the buyer can agree to the formalisation of the contact without too many changes to the draft.

Once agreed, both parties can sign and exchange contracts which is usually when the sale becomes legally binding. There can be variations and considerations when signing legal documents so seek advice from your solicitor.

The most significant part of the sale process is settlement where the sale is completed, and you are paid the sale price.

**Between exchange and settlement there is a lot to do together, the key aspects may include:**

- Training the buyer.
- Preparation and transfer of any agreements with suppliers and third parties.
- Introducing the buyer to staff, suppliers and perhaps customers.

You will also need to assist the buyer with any changes required so they can operate the business from the first day of trade.



# STEP SEVEN

## Post sale considerations.

### Congratulations!

By now you have sold your business, but there are still some very important considerations after the sale has completed.

**Having the sale proceeds paid into your account does not mean the process is over.**

**Be sure to consider the following which may require help and support from your accountant and possibly your solicitor:**

- Are all creditors and debtors reconciled (people you owe or people that owe you)
- Make sure all the staff that were paid both wages and superannuation for the period up until settlement.
- Make sure you get back any lease bonds for the premises (if applicable).
- Ensure payments for any leased vehicles, or other assets, you may have kept continue
- Review and possibly cancel any insurances you had to save premiums as there could be a refund
- Make sure you contact your workers compensation provider as there could be a refund
- Understand your BAS and PAYG position as at settlement. You may still have a business or entity and continuing obligations up to the end of the current financial year.
- Be sure to manage your business bank account, lodge final BAS statements and be prepared for any tax and/or capital gains tax obligations.

“

There are far,  
far better things  
ahead than any  
we leave behind.

- C.S. Lewis

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