



What makes Buyers and Sellers trust one another? Here is the answer!

The process to sell a business and a Buyer's response have changed over the past several years. Today's Buyers are more sophisticated in their decisions. It is common to lose a Buyer's interest to other opportunities if the Seller is unwilling to offer clear, consistent and accessible company records.

The process to sell a business takes much longer now than when I entered the business brokerage industry in 1995. Buyers are generally more careful in their purchases than they were before. And this comment takes into consideration that there is now quite a bit of money waiting on the sidelines for a great deal and there are still many businesses that have still not peaked yet from the great recession and are reluctant to go to market. It is still a seller's market.

But one thing holds true, each day we get a little older, and the owner that wanted to sell a few years ago and did not, has...gotten older. You cannot take the business with you when you move from this life. Those that were 65 and ready to retire are 70 plus now. For some this is when they are buying...but for most, they would prefer a slower pace in life and enjoy new adventures and renewed relationships. Life is a precious gift, and balancing how one is to provide for their family financially and how they need to provide their family and friends with time is quite delicate.

Just recently, when asking a Seller for a good bit of financial and organizational info, they told me "That is just too much information to gather. Bring me a Buyer and then we can pull all that info together." I encouraged the Seller to give it to me prior to bringing a buyer as "Time Kills All Deals". Buyers get very frustrated when they are not given information to make an educated and wise offer, so they gravitate to the deal that gives them more TRUST.

Trust is the key word in any deal. It may be hard to define, but without this, no deal will come to fruition that will stay together and not end up in court. To keep from getting caught in an even longer process or prevent losing a Buyer all together, here are some tips on how to keep your information as a Seller ready for a potential Buyer.

- **Clean Books and Records:** Generally, add-backs tend to scare buyers. They convolute what the buyer is interpreting and give them uneasy expectations of what other add-backs may pop up after the deal is complete. Be consistent

where expenses are shown. One-time expenses and discretionary funds do nothing to improve your marketability.

- Clean Assets List: Excess assets lower the return on your company, ultimately slowing down your process to sell because you are having to sell back assets.
- Consistent Financial Format: Keep your year to year financials organized in as consistent form as possible. This prevents confusion for a Buyer and reduces the fear of unexpected cost. Breakdown your service/project types according to your business. For instance, if you have a landscape company you most likely have a significant amount of equipment running on fuel, such as trucks. To keep these numbers clear, you could show your gas expenses in two lines, Gas - Trucks and Gas - Equipment. This will show that a large portion of the Gas expense is used specifically for your trucks and let the potential buyer have a better grasp on specifically where they can expect their money to be spent as a new owner.
- Employees that have a strong history with the Company and are not looking to leave.
- Future sales and profits that are double digit.

These are the top five points to hit. Trust and obey these commands from the market if you want to close a deal sooner than later. As a Seller, you are in control.

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