

# Top 7 Best Ways to Prepare Your Company to Sell



Make your company more desirable to buyers, sell faster for top dollar



# + Top 7 Best Ways to Prepare Your Company to Sell

by Ryan Parshall, Business Growth Coach & Broker



1. Company Processes “Written”

As an entrepreneur and lifetime student to growing businesses through organization, processes, branding marketing and sales, I’ve read many articles on the topic of growing and selling a business.

2. People “Defined Roles” and Committed Team

3. Clean Financials with Profit

However, after actually selling my own company and many others, here are the top items on my checklist that will greatly make selling your company, an easier task.

4. Services, Products, Partnerships

5. Branding & Website

You should be prepared to show high value and justify your selling price. If possible, you want the perceived value of your company to be much higher than the asking price.

6. The Asset List

7. Right Hand Person

This means less or possibly no price negotiation, a quicker close date, and a smoother transition to the buyers thanks to the work you have done in advance. **Here we go...**

Author: Ryan Parshall, Healthy Brands



# Company Processes “Written”



Can you imagine buying a product that needed to be assembled with a thousand parts and once it's together, you have no idea how to use it? What's worse is that it did not come with assembly instructions or an operation manual?

When I sold my company, we had over 44 written processes that read like an instruction manual on how to sell and provide service for all of our product offerings.

Imagine what the buyer thinks when he sees that you, the current business owner, could drop off the face of the earth tomorrow, and written processes will allow someone new to step in and not have to start from square one. No problem!

Promoting that you have written processes for your key services and operation will give a lot of comfort to a potential buyer and increase the value of your company.

At my company, we used the EOS Process and our entire staff knew what we did and how to do it. Plus, everyone knew who was in charge of each process and that they were always being updated and improved in real time.



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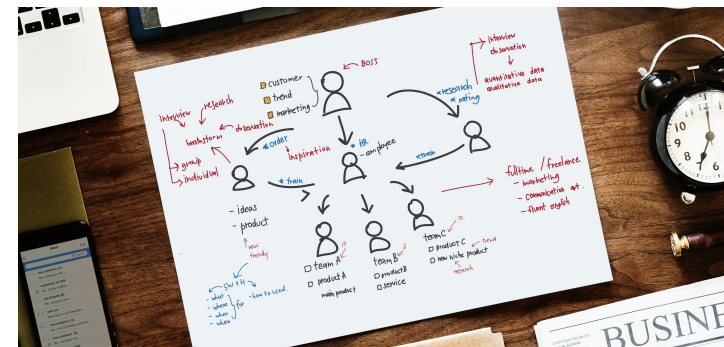
# People “Defined Roles” and a Committed Team

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People are your #1 asset. DO NOT misunderstand this when selling your company. Keeping your team happy and intact until the company is sold is a priority. However, if you need to cut overhead before or during the sell of your company, then do it. Always act as if you are still running the company, you are. Your goal as the leader is to show profit and as much as possible. Keeping team members on board because you don't want to let them go or because you think it may risk the sale when it is killing profit, may be a poor choice.

Each role/position in the company should be defined and have a written “Employee Profile”. It should include the key tasks that person does each day that makes up 80% of what they do. Especially, your top leadership team. At this time, I would look at your roles and figure out what team members can take on parts of your role so that upon your exit, things do not fall apart on the buyer. Especially because in most cases, you will have a “seller carry” financing agreement which relies on the new owner's success in growing the company.

Be prepared to show an organizational chart along with these “Employee Profiles” I mentioned above that display the key roles and skills needed to do that job. Potential buyers want to know what they are buying, will they need to hire new staff, can they cut overhead for more profit, etc.



**Important Note:** DO NOT tell your employees (including your leadership team) that you are selling the company. It will disrupt everything you have worked for and often causes a company to not sell or even worse, go out of business when employees abandon ship. Even when you have the best, most trusted employee-relationships...never tell them you are selling!!!



# Clean Financials Showing Profit

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If you have been doing the accounting for your company or internal staff you hired, then it may be time to do a quick audit. Nothing fancy, just check to make sure all is in order with the books.

Many accounting firms offer a one-time audit and cleanup of your QuickBooks (or other) so that when the potential buyer or their lending bank reviews your finances, there is nothing alarming or out of order. And if there is, wouldn't you like to know now so you can do something about it before you get to the final stage of selling and then lose the buyer because of a little glitch in your books?

While you are on top of the financial "health check", also launch a sales team campaign to collect outstanding invoices and get your accounts receivables caught up so it shows as much revenue and profit as possible. A new buyer will not want to take over a company who has customers who late pay all the time and are accustomed to such business practices.

Finally, get ready to show prior 3 years tax returns and a current cash flow statement or P&L statement. The bank and new owner will also require a tax clearance with the federal and state IRS, so make sure you are caught up!



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# Services, Products & Partnerships

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Are your services in high demand? If so, make sure you include this in the business bio. Nobody wants to buy a business that has one foot in the grave and is no longer relevant. You need to convince the potential buyer that your state of the union is good or great. Also have sales sheets or brochures for each of your core services ready to show. Here's what you should focus on...

**Services:** Have the listed in the order of most revenue generated and consider which has the most potential if a new owner should come in and ramp up marketing and sales and cash flow these efforts for maximizing growth. THEY WILL ASK! Plus, do you have a unique service that no competitor offers or have you packaged and marketed in a way that gives you a competitive advantage? Then tell that story the best you can. Oh...if you have certifications or licenses you were required to have for these services, you will want to list them.

**Products:** What product or brands do you offer your customers. Do you have exclusivity or limited exclusivity? Do you offer a better warranty or service related to these products? Do you have a private label or your own product that you offer than can be a new growth source of revenue? Be prepared to provide a list of products and annual revenue associated with each.

**Partnerships:** Contractual or non-contractual, exclusive or just strong relationships with vendors, manufacturers, and customers matters a great deal. The potential buyer wants to know that when you are gone, the people at your company have a tight relationship with these companies and that business will continue as usual.





# Your Branding & Website Make a Great “First Impression”

You don't have to go as extreme with this as I did. I re-branded my company a year before I sold it. Changed the company name, website and customized the names of all our services to give them more marketing power. I went a little crazy with it because we were a digital ad agency. Here's what I do recommend for you though.

Make sure your website is really good and up to date. It's the shopping window for buyers. They don't know you, your employees, services, products or customers. So that's what they are researching. Your site has to look modern, your company look relevant, your services clearly defined and you must look ready to do business or take an order.

Then, make sure your company's story about how you started, why you started, and what your team is good at is on the About Us or Home Page. **TELL YOUR STORY.** You may think your story is boring...I guarantee you, that when you really think about what you have accomplished and how far you have come on your journey, it's more fantastic than you initially thought of.





# A Crucial Part of Any Purchase Agreement “The Asset List”

Most privately owned or individually owned businesses are purchased with an APA (Asset Purchase Agreement). And although the selling price is not determined by a list of the company’s owned assets, it is the basis of the legal agreement. Let me explain...

First, you will need to make a list of all the property, furniture, computers/hardware, software and all the tangible items the buyer will possess. Go ahead and take a stab at this now. As hours, days and maybe a few weeks go by, you will keep thinking of items that should be added to this list as you walk around the office or you will remember something as you’re driving home from work.

Keep adding to this list and put a reasonable value of what that item would cost if you had to go out and purchase it today.

For tax purposes, you cannot right off customer lists, your website (plus ranking), branding, valuable partnerships, certifications, licenses, etc. But when you go to sell a company, those items are now assets with value to the buyer and should also be listed and sold to help justify the purchase price.







# The Right-Hand Person... Is He or She Ready to Go?

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One of the Potential buyer's top questions are usually, "who on your team can do what you do or be groomed to lead the team?". Hopefully you have this person now and conversation is over. This person has allowed you to work more normal hours, allowed you to take vacation time and gives you comfort knowing that you have a decision maker and someone who you can rely on.

This does not mean that you immediately go promote an unqualified employee who really does not have the right skill sets. If you don't have that person, be honest to the potential buyer and he may need you on board longer during transition or need to search for and hire a person who has the right skills to help run the company. If you do have someone that has potential and is currently on the team, then start ramping them up quickly and test the waters to see if he is the #2 person you need to help you grow or sell your company..

**Warning:** So you have a big secret...you are selling your company. You think you need help or someone to talk it through with and your #2 in charge is just the person to let in on this big secret. Don't do it! That's what your business broker is there for!



I've seen too many time where that #2 is the person who jumps ship first, fearing he will no longer be needed/important, and then other key employees follow him/her out the door. It's just too much to risk! This person is great, and a fellow companion and yes they deserve to know. But trust me on this...he can be the first you tell AFTER the closing date. It will all work out I promise.



## Thank You

I hope this information was helpful and gave you a head start on preparing to sell your business. If you want to make the process as painless as possible, please call me today and I can walk you through selling your company step-by-step.

Ryan Parshall

Call (816) 718-8018 or email me  
ryan@healthybrands.com

## Conclusion

And there you have it! My top 7 ways to add curb appeal to your company and make it easier for a buyer to say “Yes” to your asking price.

Although having all these ducks in a row are an ideal situation, I can tell you that it’s rarely the case that things are all tee’d up before you start talking to a business broker. If you are interested in doing so in the next year or two, it’s never too early to start the conversation.

Since you have read this far...more than likely you are ready to start the preparation process with a business broker so that your company is sold by the time you need it to be.

**Click the graphic below to schedule now!**

**Free 60 Minute Consultation**

Learn How To Sell Your Business and Get The Highest Price + Q&A

60s