

bb business broker

Ein Unternehmen der Raiffeisen Gruppe

Guideline for the seller

Selling a company can be difficult, time-consuming and for most people it is a „once-in-a-lifetime-experience“. Take the time to read the following paragraphs containing excellent information about how you should best prepare yourself and what you have to expect.

GUIDELINE FOR THE SELLER

Selling a company can be difficult, time-consuming and for most people it is a „once-in-a-lifetime-experience“. Take the time to read the following paragraphs containing excellent information about how you should best prepare yourself and what you have to expect:

Questions to clarify first:

- Decision to sell a company
- What is the value of my company?
- How can I increase the value of my company?
- Confidentiality and discretion
- What kind of documents are necessary?
- What buyers want to know
- The sales process

Your decision to sell a company may be based on different circumstances. Whatever the reason is, for example retirement, changes in your private life, business-related circumstances or the wish to change your lifestyle, make sure that you have considered all other options and that you have thoroughly thought about your decision.

The decision to sell your own company may take a long time. Most people find it difficult to separate themselves from a company in which they have invested a lot of time and enthusiasm. The firm represents an important emotional value. Therefore, reconsider carefully all financial, legal and emotional consequences before you reach the final decision to put your company on the market, otherwise you may lose a lot of time and money.

Selling a company causes not only advertising and advisory costs, but also financial consequences due to possible delays in the selling process or the lack of the owner's entire concentration on the business.

Therefore, it is important that you do not make any „experiments“ but should be accompanied by a experienced consultant from the beginning. Your targets should be defined as detailed as possible right from the beginning. Once you have reached a final decision, the sales process should be carried out efficiently and at the best possible price.

Business Broker AG is your best choice to take care of the sale of your business.

WHAT IS THE VALUE OF MY COMPANY?

Try to find out what the situation of your company on the market is. It is important to picture the value of your company from the viewpoint of a buyer in order to define a realistic price. Unfortunately, emotional values are often not paid.

In a first no-obligation consultation, an advisor of Business Broker AG will help you to get a clear picture about the sales price and the procedure of the sale. Business Broker AG has developed a valuation system that is based on five different models. Each of these models use a different starting point, which leads to a different company value. Afterwards, this information will be consolidated. Our experience helps us to evaluate a company value that corresponds to the effective sales price.

Very often there are different opinions about a company's value. Inform yourself on how the price was determined. The better informed you are, the easier it will be to reach a decision. However, finally the market determines the value of your company.

HOW CAN I INCREASE THE VALUE OF MY

This is the right time to embellish your company. Install a new company panel, change the floor carpet, recycle old and used material, and let the building be painted. Everything should look as perfect as possible. Do not assume that a new owner will take care of that or of the possibility to ask for a lower sales price instead.

Make an in-depth analysis of your company. Do not forget important aspects that make your company attractive to a buyer, such as the value of client information, self-developed products and/or processes, well-maintained infrastructure, secret recipes and patents, user-specific software programs or skilled staff. Such values are called immaterial goods. Unfortunately, most methods of price-evaluation do not take such values into consideration, but they still may be a factor that could increase your company value.

CONFIDENTIALITY AND DISCRETION

Confidentiality and discretion are extremely important when selling a company. Information of a planned sale may always become public and running rumours may lead to the loss of important clients or key staff. The damage may be enormous. Business Broker AG puts most emphasis on complete discretion during the entire procedure.

With our experience, we are in the position to promote your company in a professional way excluding the threat of a scenario as aforementioned will occur. All potential purchasers have to sign a confidentiality agreement before they will be provided with detailed information.

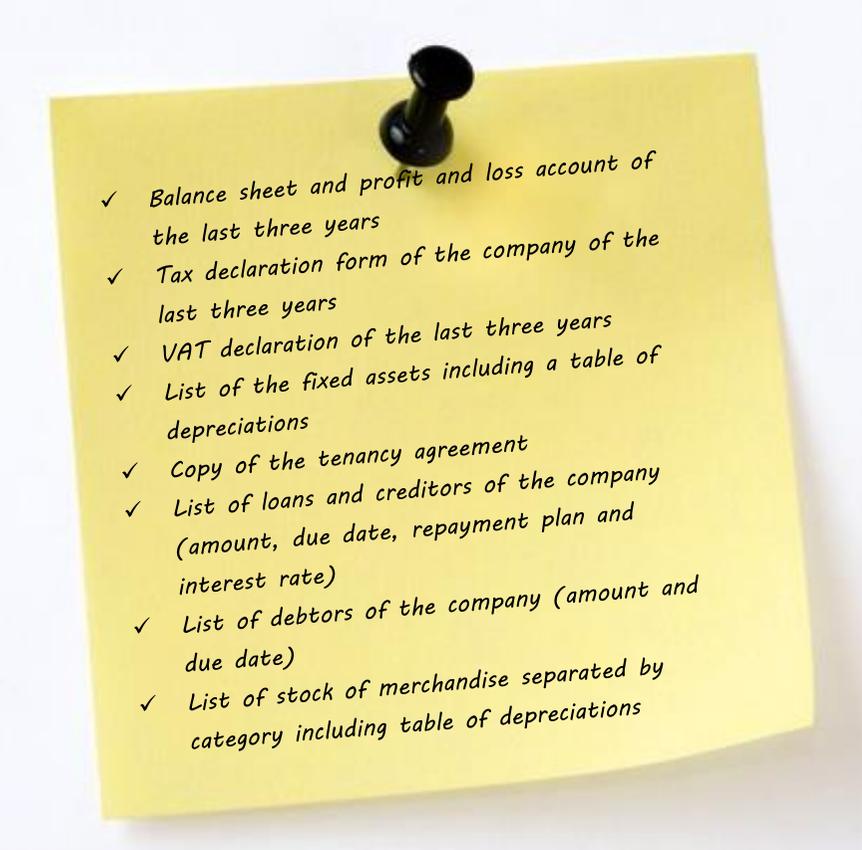
WHAT BUYERS WANT TO KNOW

This question may come a little bit early to you since you have not reached the final decision to sell your company. However, it will surely help you to make the right decision. It is not only important to know, who the buyer is, but also what he or she wants to know when buying your company. The following are a few possible questions that you might be asked:

- How much money do I need to buy your company?
- How high is the annual growth?
- What is special, unique, out of the ordinary about your company?
- What are the characteristics of your products or services?
- What possible developments exist for your company?
- Who is your main competitor?
- What are the risks?
- What kind of additional advantages can the buyer generate?
- How strongly fluctuate the sales figures depending on economy cycles?
- How big is the stock of merchandise?
- How high is the debt rate?
- Is it planned that the seller will stay in the business for a certain period of time in order to train the new owner?

WHICH DOCUMENTS ARE NECESSARY?

Please find the following checklist with documents necessary for the sale of a company:

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- ✓ Balance sheet and profit and loss account of the last three years
 - ✓ Tax declaration form of the company of the last three years
 - ✓ VAT declaration of the last three years
 - ✓ List of the fixed assets including a table of depreciations
 - ✓ Copy of the tenancy agreement
 - ✓ List of loans and creditors of the company (amount, due date, repayment plan and interest rate)
 - ✓ List of debtors of the company (amount and due date)
 - ✓ List of stock of merchandise separated by category including table of depreciations

THE SALES PROCESS

Business Broker AG will create an individual marketing plan for your company and implement the steps gradually. The buyers located with the help of that system will then be invited for a personal interview. We will check their qualifications and present your company only to potential buyers. The next step is to organize a site inspection of your company, which will happen in a very discreet way. We recommend you to only answer technical questions, whereas your advisor will take care of questions related to company figures and the purchase price, which may already be subject to negotiation.

In case the potential buyer is still interested in your company, we will receive a non-binding offer for you. Usually, such an offer depends on one or several conditions, such as the buyer's request to examine your financial documents in detail, look into your tenancy agreement or other materially relevant details. This analysis of all details is called Due Diligence.

We will present you all offers that we receive for your company and, together, we will consider all the pros and cons. At first sight, you might not be satisfied with some points, some may not be according to your expectations but others may be very positive.

In any case, we recommend you to examine the offers thoroughly in order to be able to reach a substantiated decision. Either you reject an offer, you make a counter offer or you accept an offer.

Once you and the buyer agree, we will ensure that the conditions are fulfilled as soon as possible. At this point, some buyers search advice of external advisors. It is very important that you cooperate in such a process, if not; the buyer may get the impression that you are hiding something from him/her.

As soon as all the conditions are fulfilled, the sales contract will be drawn up and signed. Once the contract is signed and the payment is made, the company can be handed over to the buyer.



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