business for sale

How To Increase The Value Of Your Business When Selling

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Author: **Bronwen Barnard**



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Business owners sell their business either to move on to a new venture, retire or to take advantage of an especially lucrative offer. Whatever the reason, before you put your business up for sale, it's important to make sure that you have taken steps to increase its value so that when it comes time to negotiate, you can get the best price possible. This article will provide you with helpful tips on how you can increase business value when selling without spending too much money.

Calculate Your Business's Worth

Before you think about selling your business, you need to have an estimated amount in mind of what it is worth. This can help you decide whether to accept an offer or negotiate further. To accurately assess the value of your business, consider a once-off business valuation by an independent business valuation specialist. Business valuation methods will give you a good idea of what the market will likely pay for your company.

Organise All Of Your Business Documents.

A pile of documents that are not organised or filed properly is not the best way to show potential buyers that your business is valuable. Make sure all of your documents are up to date and filed properly in order to give buyers confidence that they are getting a well-organised, efficient business.

Here is a list of documents that need to be in order:

Financial Statements:

The ultimate goal for buyers is to make money. Make sure you have financial statements from the past 3 years as well as monthly Management Accounts for a buyer to review. And don't forget to add notes about any changes made during the past year.

Complete Asset List With Values:

Buyers will need to see a detailed list of all the assets that come with the business - including furniture, equipment, and inventory. Each asset needs to have its values on the list to assess the overall worth of your business.

Organogram Of Staff Members:

The selling of a business means that new owners will be coming in to manage the staff. Buyers will want to see a clear organisational structure of employee management potential, roles, and responsibilities. In addition, the buyer would want to see the owner's daily duties and involvement.

Lease Agreement:

The popular saying "no lease no business" applies here. So it is important that the lease agreement is in order and up-to-date. If it's not, buyers will have concerns about taking over the agreement or renegotiating the terms. Your lease agreement should also include the option for renewal as this will help to make the business more attractive.

Another important factor to remember in this section is that you should avoid a month-to-month lease

agreement as it holds tremendous risk for buyers.

Licences And Permits:

Depending on the type of business you own, you may need to have certain licences and permits in order to operate. Make sure all these documents are up-to-date and valid before transferring them to the new owner. If the licences and permits cannot be transferred, be sure to provide information on how the new owner can go about this.

Franchise Agreement:

If you are selling a franchise business, then the buyer will want to review this agreement before purchasing. For example, are there special notices to report to the franchisor, DCF value in the agreement or a franchise joining fee? With most franchise businesses, a franchise joining fee is expected. This fee usually covers franchisor assistance and training. Note that, according to the Consumer Protection Act, there is a 10-day cooling-off period applicable when entering a franchise agreement.

Business Plan:

A business plan is often used as a strategic tool. Yours should be updated and include your current goals and objectives. Providing potential buyers with an up-to-date business plan will help them understand the vision of your company and the opportunities in the business, which can be a great selling point.

Unique Selling Proposition:

It's important to identify the unique selling points of your business. These could be anything from a niche market, excellent customer service, or a one-of-a-kind product. Buyers like to know what sets your business apart from the competition.

Market your business well

Many sellers who don't want to spend much money often think that marketing isn't necessary when selling a business. However, this is not the case. Proper marketing can allow your business to reach more potential buyers, thus increasing competition and demand. You can market your business by showcasing your business on a system that allows you to list your business for sale.

Selling A Business In South Africa? Let Business For Sale Help.

If you are selling a business in South Africa and looking for ways to increase business value, Business For Sale can help. We provide a comprehensive business selling platform where we can list your business for sale to reach more potential buyers. In addition, we also offer business valuation services, where our team of experts can help you assess the real value of your business so that you can get the best price for it.

Contact us* today, *and let us help you increase the value of your business when selling it.