



Preparing To Sell

by Ray Melcher, Managing Broker, VR Mergers & Acquisitions in Wyomissing, PA

Ever hear the saying, "I wish I had a nickel for every time such and such happened."? I use that saying often and following are some of the comments from business owners that I hear that makes me say "If I had a nickel for every time I've heard a business owner say....."



1. I want to sell my business, but I don't know where to start.
2. I want to buy a business, but I don't know where to start.
3. If I would have known that documenting all of my policies and procedures and customer information history would make my business worth more, I would done it years ago. It will be a huge job to do it now.
4. I should have sold my business when sales were higher and profitability stronger.
5. I didn't realize that managing my finances to keep my income tax as low as possible by reporting lower than actual profitability would hurt the value and salability of my business.
6. I have done no planning with my tax advisor or financial advisor about my financial needs for retirement.
7. I have never had my business equipment appraised and we don't do a physical inventory so I really have no idea what my inventory is worth.

You get the idea. There are thousands of very successfully owner-operated privately owned businesses with significant value embedded in the business, but that may not be optimally realized when the owner decides to sell the business to convert paper net worth to cash liquidity.

The concept is that a business will sell faster and at a higher price and on more favorable transaction terms if the owner has planned for the business sale. Planning and preparing involves organizing records, maintaining clean and accurate financials, knowing what the assets are worth, understanding the tax implications to a sale, preparing to assist with the ownership transition, assembling a qualified "deal team" including an attorney, accountant, tax advisor, investment advisor and M & A Advisor/Intermediary who can serve as the quarterback.

Converting years of work running a business into a tidy cash sum to comfortably support retirement or to provide the capital for the next business venture can be rewarding. For it to be the experience it can be, be prepared. For a no obligation, confidential discussion with a Marathon professional to help you get on the right track towards the sale (or purchase) of



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