

When is the Right Time to Sell your Business?

Through selling three of my own "Mother of a Business", and continuing to assist other business owners, here's what to think about WHEN wanting to go down the EXIT path. Not only is the Right Time about demonstrating when your Business does what it does, and when else it might do so, but also when is the ideal time to actually put your Business on the market...

What I mean by that is, if you only maintain sales intensity for a set period of time, then a buyer is going to be really interested in how she can extend such periods, and/or activate them more often, eg: is your Business seasonal? If yes, when is it at its peak, so that a prospective buyer can get a real sense of not only what happens, but also a hint of what the potential is?

Maybe your peak is not seasonal, but driven more by the contracts you have signed and their term (length of time to run). Say you have multiple contracts that run for 10 years each. It's going to be more appealing for a buyer if the Business can be bought when there's a long time left to run on the contracts rather than trying to sell it when they've expired and run the risk of not being renewed!

Take my third and largest (7-figure) Business I recently sold... It had contracts with one of world's premier petroleum manufacturers for 5-year terms. Knowing that executing an EXIT was in the Business Plan, it made sense to put the Business on the market when the contracts were only two years old, thus giving way for the buyer to not only handle the re-contracting when due, but also to "court" the client, so they got to know and love the new owner before contract due date was nigh.

Same applies when you've got a lease on a premises that the Business can't really leave easily. If there's 2 years to run on a lease, that won't be as appealing as say 20.

Coming back to when your Business does what it does... are there other times when your Business could operate but you have chosen not to? because you do like to sleep some time! This can definitely be an opportunity of interest as a buyer may have ways and means to handle time differences.

Always keep your Business market trends in the forefront of your mind, know of opportunities and what's possible, whether you have chosen to capitalise on them or not.

Starting with the end in mind TODAY, regardless of how old your business is, means you can start to, slowly but surely, work out WHEN is the best time to sell your Business, and then work backwards! Given it may take up to 12-24 months to get your Business ready, depending on the size, pick a prime date and commence this process 12 months before. You might even find your enthusiasm returns after all...

Next... Where?

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