

# PREPARING YOUR BUSINESS FOR SALE

A man with a beard and brown hair, wearing a blue patterned shirt, and a woman with long dark hair, wearing a yellow top, are sitting at a desk. They are both looking at a white document held by the man. The woman is smiling. In the background, there is a white bookshelf with books and a small plant on top. A large window with white blinds is visible on the left side of the frame.

Maximising the sale outcome

CHAPMAN EASTWAY

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# Preparing your business for sale



*As a private business owner, you know that every major decision requires careful consideration and preparation. And what greater decision is there than selling your business?*

As such, it is vital that every aspect of the business is prepared in order to ensure an optimal sale outcome, whilst maintaining a consistent business operation.

As a business owner, you should always regard the possibility of sale as one of your possible exit strategies, whether it is your intention to sell your business or not. Maintaining readiness and agility will ensure that your business is prepared and stable enough to capitalise on any opportunities that may arise.

Moreover, consolidating your financial position will improve the security and attractiveness of the business for potential buyers as well as boosting your confidence about your product and service offering.

Preparation begins by acknowledging that selling is a process like any other; it builds from a productive mindset and is executed through a planned sequence of vigilant steps.

Effective planning and preparation will enable a seller to anticipate, understand and actively manage unforeseen events and keep the sale momentum on track. For the seller, the biggest challenge will be balancing the competing priorities of keeping the company focused, supporting and incentivising management appropriately; and ensuring the day-to-day operations of the business remain sharp whilst navigating it towards a successful sale.

Our depth of experience in assisting privately held business owners to develop and execute effective exit strategies has shown us that every business has different objectives, and consequently requires tailored solutions and a well-planned exit strategy customised to individual circumstances.

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# How to prepare your business for sale

*The key is to invest in the areas of your business which are going to maximise your sale price potential. This can have significant positive impact on the sale outcome, thereby maximising the net return for you. The team at Chapman Eastway specialise in analysing and identifying key business value drivers in order to give you the optimum sale outcome.*

## Tips for selling your business

### 1. Articulate your business vision

Plotting your business goals and sharing your vision with your employees will increase your chances of achieving your ideal business position by the time of sale.

### 2. Pre-sale check-up

Undertaking a diagnostic overview 2-3 years before a sale allows you to determine areas that need corrective action and ensure that there is ample time to address them.

### 3. Identify key value drivers

Chapman Eastway are experts at identifying key drivers of business value and developing them to deliver a maximum sale price for your business. We understand the multiplied effect of investing in the following key business drivers:

- Scalability: A business with scalability (the ability to maintain or improve profit margins while sales volume increases) will attract a higher selling price and more buyers because of the potential for continued growth.
- Overhead efficiency: This is not just about ripping costs out of a business but knowing where to strategically minimise overhead costs.
- Factors of value: This is where our expertise delivers you the most value. Knowing the factors of value and their relative multiples will enable you to develop those key factors over a 2 year period.

### 4. Pick your time

Businesses that sell well are businesses in a strong financial position with consolidated client/supplier relationships and a secure and reliable workforce. Consider both business and market conditions, e.g. industry saturation, interest rates, economic outlook.

### 5. Know your worth

Comprehensive and detailed due diligence is crucial in achieving an excellent sale outcome, as it enables you to identify and address areas for improvement so as to maximise perceived and actual value.

### 6. Consolidate financial position

It is important to implement strong financial controls and have reliable financial statements to position your business as an attractive acquisition.

### 7. Initiate a buyer identification and assessment process

Understanding your buyer's philosophy and attitude towards value will enable you to apply this outlook to the attributes of your business and adjust your position and sale strategy accordingly. For instance, attracting a strategic buyer will involve considering the benefits and costs of integration, whilst attracting financial buyers will necessitate a focus on deal structure and diligence.



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# How can Chapman Eastway help you?



For most, the sale of a business will be the product of years of hard work and commitment, and perhaps a once in a lifetime occurrence, so it is important to get it right the first time. Good advisors can smooth and maintain momentum in the sale process while helping to unlock potential value, and provide insight and direction to drive a better result.

Our success is measured on our ability to deliver value to you. When it comes to selling a business, we do this primarily by identifying and developing key value drivers early on to ensure an optimum sale price and outcome for you. Along the way, we make it our priority to ensure your regulatory and compliance requirements are managed, due diligence is undertaken and any risks that could compromise the sale outcome are identified and dealt with.

## **Chapman Eastway can:**

- Develop a sale strategy and ensure all risks and issues are covered
- Identify Key Business Value Drivers and develop a strategic plan for their development
- Offer effective business valuation advice
- Identify and assess potential buyers
- Carry out due diligence of the business, clients, legal counsel and other professionals
- Draft required documents including the Information Memorandum, letter of intent, offer, joint venture or strategic alliance proposal, general selling materials and confidentiality agreement
- Project manage and assist, advise on and support the entire transaction
- Oversee the transaction through to close
- Ensure optimal transaction structure from a taxation perspective

***Chapman Eastway will manage the process of selling your business from start to finish to maximise value, minimise risk and ensure an optimum outcome for you.***

***For more information about how Chapman Eastway can help you prepare your business for sale, call (02) 9262 4933 or contact us at [mail@chapmaneastway.com.au](mailto:mail@chapmaneastway.com.au)***

*This document is not considered to be financial advice. To the extent permitted by law, this should be considered general information only and no action should be taken based on the above. Should you require specific advice to rely upon, please contact Chapman Eastway.*

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