**11.1 Selling your business process checklist**

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| **Step** | **Process** | **Checked** |
| **1.** | **Compile a business presentation (business owner function)** |  |
| * **Aesthetics** |  |
| * **Financials** |  |
| * Balance sheets and income statements for the last two years * Up-to-date monthly management accounts * VAT returns for the past two years * Tax clearance certificate |  |
| * A complete breakdown advantages for the owners, including the owner’s drawings or salary, retirement annuity or annuities, details of any/all vehicle leases used by owner etc. |  |
| * Breakdown of sales/revenue transactions including cash sales versus clients purchasing on credit, average debtors payment period (age analysis) as well as a bad debt ratio |  |
| * Depending on the nature of the business provide an indication as to the number of customers or clients on your books as well as purchasing trends |  |
| * Details of any contracts you have signed with either suppliers or customers as well as the contract periods and how secure are they |  |
| * Provide details regarding arrangements you have with your creditors. Include payment terms, details of any special discounts etc. and also if the credit agreements are transferable to the new owner |  |
| * It is advisable to include projected sales forecasts for the next 12 months so the prospective buyer can assess potential future performance and identify if growth can be expected |  |
| * **Premises** |  |
| * Period remaining on the lease |  |
| * Renewal period * Escalation percentage and frequency of escalation |  |
| * Your comments regarding whether or not you feel that the rental is market related |  |
| * Buyers require at least a 3 × 3 year lease i.e. 3 years to get their initial investment back and 3 years to see a return on that investment |  |
| * Include details of relevant licensing, permits and business zoning requirements |  |
| * **Assets** |  |
| * **Staff** |  |
| * An organogram * Job descriptions, length of service, wages/salaries, contracts, unionised * Who has management potential * Owner’s involvement – how extensive. |  |
| * **Business Prospectus** |  |
| * History of the business * Present market you are targeting and the general market conditions |  |
| * Your marketing strategy * Growth potential of your business within that market as well as the potential of entering new markets |  |
| * Detail who your competitors are and also highlight the business’s competitive edge |  |
| * Provide the reasons for wanting to sell the business * Include an argument to strengthen your case and put forward why this is a sound business opportunity and excellent value for money for potential buyers |  |
| * **Other Licences** |  |
| **2.** | **Select an experienced business broker (business owner function)** |  |
| **3.** | **Set a realistic price (business owner and business broker function)** |  |
| **4.** | **Discreetly market the business (business broker function)** |  |
| **5.** | **Qualify buyers (business broker function)** |  |
| **6.** | **Negotiate the sale (business broker function)** |  |
| **7.** | **Complete due diligence (broker and buyer’s accountant function)** |  |
| **8.** | **Raise finance (buyer and/or buyer’s accountant function)** |  |
| **9.** | **Handover the business (business owner and buyer function)** |  |
| **10.** | **Payments (business owner and business broker function)** |  |