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September 2017 - In This Issue:

**SYNOPSIS 1 TO 11 OF 66
OBSTACLES TO A SUCCESSFUL
BUSINESS SALE**

INDUSTRY KNOWLEDGE

BREAKS & CYCLES

WHAT IS MY BUSINESS WORTH

Breaks & Cycles

Hopefully as you read this it's September and the three-day Labor Day weekend just ended. For many it signals the end of Summer. Schools have started, we have fewer daylight hours, and cooler temperatures are coming.

My first "real" job after college was at a bank in Wisconsin. The head of the Installment Loan Department and I were talking about school and how there are always "breaks" or "cycles" that re-occurred: Fall Break, Thanksgiving, Christmas, and New Year's Day time off, then a new semester and Spring Break, and then Summer time off. He said that most businesses and jobs don't provide those built-in breaks, so we should create our own by vacations and long weekends.

SYNOPSIS OF 12 TO 22 OF 66 OBSTACLES TO A SUCCESSFUL BUSINESS SALE

12) Customer Concentration Issues

- If 10-15% of your revenues are derived from one customer or 25-30% are derived from two or three customers, you might have a customer concentration issue. This affects a buyer's perception of the business and the ability for a buyer to obtain lender financing.

13) Asset Value too High vs. Return on Investment

- Asset-laden businesses sometimes have asset values in excess of the value of the business based on its earnings. Unfortunately, you won't be paid based on earnings plus the value of the assets. It's one or the other, and this situation can create a significant obstacle.

14) Real Estate Value too High vs. Return on Investment

- When a business owner also owns the real estate occupied by the business and the real estate value is substantially higher than that of the business, it may result in a detrimental effect on the salability of the business.

15) Large Working Capital Requirements

- Three factors have an impact on working capital needs: 1) long collection periods on accounts receivable; (2) inflexible payment terms from vendors/suppliers; and 3) the need to carry large amounts of inventory. Large working capital requirements detrimentally affect the value of a business and sometimes create a major obstacle for buyers.

16) Excessive Personal Expenses and Skimming Cash

- Owners who run excessive personal expenses through their business and /or do not report cash transactions end up understating their true business earnings. Since business

What about Business Cycles? Is your business seasonal? Is it subject to cycles that you have little or no control over? Are there economic cycles that cause business to be good or not-so-good, whether over months or years? Are there long-term changes that cause your business to be great or decline; changes in where you are located, government policies, changes in tax law, foreign competition, or others?

All businesses must deal with cycles of some sort - the question is how to deal with them. Some things we can't anticipate. Some things we can't do anything about. Many things we could deal with better if we looked at what has happened in the past, what is going on now, and what we might see happening in the future. It's called PLANNING. It could be learning from the process of creating a Business Plan or a Strategic Plan.

What it's called isn't important though - what is important is looking at what the future might bring to our Business and how we deal with whatever comes.

WHAT IS MY BUSINESS WORTH

It will cost you absolutely nothing and there is no obligation in giving us a call or an [email](#) to request a simple valuation of your business. Relying on a professional that understands your

valuations are based on earnings, it's best to eliminate these practices at least three years before selling your business.

17) Burned-Out Owner Ruins Business Value

- When owners lose enthusiasm for their businesses, the company usually starts on a gradual downhill slide. Many burned-out owners hold on to their businesses far too long allowing the business valuation to slide to the point where a sale is either not sufficient to meet the owner's personal goals or cannot be sold at all.

18) Owners Who Try to Sell the Business Themselves

- Most owners have no idea of all the pitfalls they are likely to encounter, nor of the time-consuming nature of the efforts required to sell a business. As an example, controlling confidentiality is a major problem.

19) Owners Who are not Committed to a Sale

- "Dipping your toe in the water" is not likely to produce desirable results. To the contrary, it is more likely to produce an undesirable outcome.

20) Choosing The Wrong Intermediary

- There is a wide range of capabilities amongst the world of business brokers and intermediaries. Although it is best to work with an intermediary, it's important to avoid the bad ones.

21) Trust Issues from Inadequate Disclosures before Due Diligence

- The best way to develop trust with the buyer is to disclose all known issues upfront. A candid seller helps earn the confidence and trust of the buyer.

22) Inadequate Preparation for Due Diligence

- Negative surprises in due diligence will almost always kill a deal. Disclosing known negatives on the front end and anticipating the buyer's requests in due diligence can help keep a transaction moving forward on a timely basis.

INDUSTRY KNOWLEDGE & ACCESS TO BUYERS NATIONWIDE

industry is important. It is also wise to work with someone who is aware of current trends; and that is working with both buyers and sellers daily. This approach insures you plan for and receive the maximum return on the transfer of your business.

Our presence as a Professional Business Broker is extended nationally as a result of being an affiliate of [BHarmony, LLC](#). We also bring decades of experience and functional expertise in all the popular market segments as a result. Nothing takes the place or value in that of experience.



We partner with our clients to deliver solutions that help solve their most complicated needs prior to, during, and at the conclusion of the selling process. Our services are designed specifically to help small/medium size businesses and at a small business price. We go beyond the norm to develop new insights, prepare, market and drive results in the sale, thus insuring you receive the most value at closing. [Learn More](#)

Next Issue

Numbers 23 - 33 of 66 Obstacles to a Successful Business Sale

[CONTACT US](#)



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