



TRIDENT
BUSINESS & CORPORATE SALES

WHAT TO CONSIDER WHEN **SELLING YOUR BUSINESS.**



1. CONSIDERATION NUMBER 1

Not Advertising Your Business Correctly.

In order to sell the business it must be advertised. Before you select a business broker, ask them about their advertising, the cost, the coverage, the expected responses and what markets they target. Do they simply put your business on 3 or 4 sites and hope for the best or are they more aggressive with placement and work hard to put your business in front of genuine business buyers. Moreover, of significant importance is an advertising schedule. Make sure your broker shows you where the ads will go, the categories, the coverage, have

them show you a list of websites where your business will appear. Any reputable broker should be able to do this. I see time and time again vendors have paid agents thousands of dollars thinking they have coverage, and it is only 2 or 3 sites with no upgrades. Let me tell you, a targeted campaign with specific upgrades should get results. Selling your business for the highest possible price is about creating competition amongst the pool of buyers, only the correct advertising can do this.



2. CONSIDERATION NUMBER 2

Listing with a “Commission Free” agent.

Appearing more and more on the business broking scene are agencies offering a “No commission” or DIY listing option. What does this mean, are they a business broker or not? If a genuine business broker doesn't sell your business, then you won't pay a commission anyway, it is only ever paid on sale. Typically, with these DIY options advertising money is paid up front usually at a much higher rate than normal, and this is how the agency get paid. They would rather make a small amount upfront from the listing of your business, not give it the advertising coverage you think you paid for, and don't really care if it sells. They tell you they pass on all the leads to you to handle, but in reality, who's to say

they don't grab those leads who may be genuine business buyers, and set them on other business they have listed which are commission based. A reputable broker is across his industry, up to date with legislation, landlord issues, legal and accounting negotiations, there is so much to a successful business sale. This makes it difficult for a vendor to continue to run their business AND put the effort into selling themselves. In addition, you, the vendor won't know what is being sold in the marketplace and may severely undersell your own business. Worse still, you may overprice it because you have no guidance from a reputable hands on broker and it could sit idle for months. I would advise to stay away from No Commission agents.

3. CONSIDERATION NUMBER 3

Listing with the broker who has the cheapest commission.

The old adage “you get what you pay for” comes to mind. It's not really about the commission, it's about selling your business. Many agents will offer the cheapest commission only to have your business added to the hundreds of listings they have in what they call the numbers game. The more listings they have, the more they should sell. While that's true to a certain extent, look for

an agency who has less listings but more sales. They take the business and work hard to get a result. A cheap agent cannot deliver these outcomes if he is discounting his own commission just to obtain the listing. If an agent cannot negotiate his own commission, how can you trust him to negotiate the best price for your business? Simple – you can't.

4.

CONSIDERATION NUMBER 4

Listing your business with more than one agent.

The reality is that business's listed with more than one agent take longer to sell. That's a fact. Think about it, often they are advertised on the same sites, and buyers are very diligent. They always look to compare what's on the market, and when they see your business listed with different agents, often for different prices, it scares them away. The effect is "what's so wrong with this business and why are they desperate to sell?" Most reputable agents only work with exclusive agreements and you

should consider this if you are looking to sell. Also, think about the level of commitment you are going to get from the agent. He knows that others are working on the business and he might not get paid so he will take his buyers elsewhere or not negotiate hard for you in order to get the best price. Remember, there are only a certain numbers of buyers in the marketplace so stick with one broker at a time. Listing with more than one agent is a big mistake.

"The reality is that business's listed with more than one agent take longer to sell."





“At TRIDENT, we go one step further. A complete and detailed Information Memorandum is prepared for every business”

5. CONSIDERATION NUMBER 5

Not Preparing your Business Correctly.

Marketing a business for sale which is not properly prepared is a major issue and could cost you in both sale price and time on the market. Think about it, you wouldn't sell your house without cleaning it up, have display furniture installed, tidy up the gardens and make all those minor repairs and facelifts. We see the difference on all the reality TV shows how significant a makeover on a property can be. Business are essentially the same. Have all your documents ready for the buyer. These include your leases, transfer of leases, licenses and permits, financial reports and BAS statements just to name a few. The list is really extensive. Buyers will need this information in a timely manner. At TRIDENT, we

go one step further. A complete and detailed Information Memorandum is prepared for every business. These documents are the only way to present your business to the market. There is too much competition to sell your business and a significantly higher level of presentation ensures a quicker sale, higher price, approval for finance, assist with due diligence, and answers all the questions that a buyer could have. If your business broker is not presenting your business this way then how is it being presented? One of the biggest mistakes you can make is not presenting your business correctly. **At TRIDENT we are experts at this, talk to us.**

6. CONSIDERATION NUMBER 6

Falling for the broker who tells you the highest price.

There are many unscrupulous brokers who will over quote the expected sale price of your business just to get the listing. They will list your business for as long as possible and in the meantime will spend time conditioning you down to expect a lower selling price. Remember this – The business broker is not going to buy your business! Ask them to explain their estimation of price, show comparable sales, evidence of what they have sold and what prices were achieved. It is really important that you list the business for a realistic price.

There are things you can do to your business to ensure the best possible sale price, but placing a ridiculous selling price and hoping for the best because the broker said so is not one of them. Be realistic, look at the market. At TRIDENT we will always give you a thorough explanation of our appraisal so you know why we state the prices we do. We also conduct business valuations and this methodology is invaluable in presenting your business to ensure we get the best possible price. Beware of the brokers who want to “buy your listing”.

7. CONSIDERATION NUMBER 7

Look for the REIV Accreditation.

The Real Estate Institute of Victoria (REIV) ensures their business broking members have the following -

- **Qualifications** - All REIV Members must have completed certified training and undertake a Continuing Professional Development Program.
- **Knowledge** - REIV Members have exclusive access to the latest sales data, median prices and legislative information.
- **Protection** - All REIV member agencies are covered by professional

indemnity insurance cover. This provides comprehensive protection against potential claims and disputes

- **Trust** - REIV Members follow an industry Code of Conduct and Rules of Practice in acting ethically, honestly and fairly.

The REIV accreditation is the only logo you need to look for. At TRIDENT, we are part of this organisation and I am on the Victorian Committee for the Business Broking Chapter.

CONSIDERING SELLING YOUR BUSINESS?

Look out for these points.

1. Not advertising your business correctly
2. The Perils of Listing with a “Commission Free” agent
3. Listing with the broker who has the cheapest commission
4. Listing your business with more than one agent
5. Not Preparing your Business for Sale Correctly
6. Falling for the broker who tells you the highest price
7. Look for the REIV Accreditation



TRIDENT
BUSINESS & CORPORATE SALES

Talk to us today about preparing for your next sale

M: 0417 303 196 | P: 03 8687 2116

E: brian@tridentbusiness.com.au

www.tridentbusiness.com.au

