

## BUSINESS TRANSITION CHECKLIST

The process of transitioning a business can be a bit overwhelming and can take several months or even years to complete. The further in advance planning occurs, the GREATER the ability to remove barriers to a sale and increase the market value of the business. Here are a few simple steps to help you get started:

- Questions for the owner to consider:
  - When do you want to be done?
  - Who do you want to sell to? Family or other?
  - How much do you want to sell for?
- Start the discussion with the key stakeholders.
  - Generation 1, Generation 2, Generation 3 and spouses
  - Key employees – who's interested, who's not
  - Other potential successors not in the business
  - Trusted business and personal advisors
  - Key issues & possible solutions
- Increasing business value –Areas to focus on:
  - Cash Flow
  - Inventory maintenance
  - Customer base
  - Product offerings
  - Streamline operations
  - Spruce up marketing & appearances
- Create a timeline. Average transition time is 8-12 months if finances/books are in order.
- Work to determine a valuation for the business. If real estate is involved, will it be a part of the transition?
- Keep business and personal matters separate. Are there assets that will not be part of the transition?
- Streamline balance sheets and improve the bottom line. Work toward 3-5 years of balance sheets that reflect growth and profit.
- Create a Business Assistance Team. This team may include key family members or employees, accountant, attorney, insurance agent, business broker or appraiser, local economic development professionals.

The ultimate goal is provide security to the business and their employees. Strong business transition programs can increase the likelihood that key anchor businesses remain in the Main Street district, protecting employment and preserving the financial future of the district.

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## GETTING YOUR BUSINESS READY TO SELL

There comes a time in your life as a business owner when you will be ready to get out. Maybe you're nearing retirement age or you're simply tired of dealing with all the challenges a small business owner faces on a daily basis. No matter what stage your business is in, you should take some time to think about what your exit strategy might look like. If you are considering selling your business, it needs to be in great shape so you can attract the right buyers and attain the highest selling price.

Here are five tips to get your business in good shape to sell:

**1. Plan for your exit. What are your reasons for selling your business?**

- Develop your goals
- Create a timeline – when do you want to be done?
- Don't wait until you can no longer manage the day-to-day operations
- Sellers under distressed conditions will not get the best value for the business they have taken their entire lives to create

**2. Get your books in order**

- If you can afford it, have a professional audit done
- 3-5 years of financials that show a profitable business is desired
- Make sure all taxes are paid
- Collect on past debts
- Avoid any "off the books" cash
- Keep your records up to date – don't let things get behind!

**3. Think about the "curb appeal" of your business**

- You want to provide the best first impression to potential buyers
- A business that looks neglected and tired won't be appealing to buyers
- Spruce up your building by doing any need repairs or improvements
- Make sure your website, social media, and other advertising channels are current and projecting a strong business brand

**4. Determine what you are selling**

- Selling a business not only consists of the physical inventory & equipment but also your reputation and customer base
- Will you also sell the building, other property, vehicles?
- Do you have intellectual property, licenses or issued/pending patents?

**5. Know what your business is worth**

- Consider the current market and economic trends
- Research what other similar business have recently sold for
- Get a formal valuation from a professional appraiser
- Set a price too low and you may lose out on additional profit
- Set the price too high and you could scare buyers away

Selling a business is a lengthy process that requires careful preparation before you advertise the sale. If you take the time and do your homework, you will ensure a successful start to finding the perfect buyer ending in a profitable sales transaction.