

# THE TOP TIP FOR HANDLING A DIRECT APPROACH

So you have been approached by someone wanting to buy your business? Well, you should feel good about the fact that someone sees value in your business, or should you? Often a direct approach is because the buyer perceives a significant opportunity in buying your business. By initiating a direct approach they can keep a potential sale under the radar of other buyers thereby securing an advantage – usually a discount on the true value of your business.

Reacting to a direct approach would normally see a business owner turning to their Accountant for a perspective on the value of the business, followed by a rush to take up the offer as there will likely be pressure from the potential buyer to ‘act soon’. The end result could see the sale of your major income producing asset for an amount significantly below what could have been achieved.

With some assistance from a specialist, preparation, tuning and effective marketing strategies to create some competition, you will greatly increase the chances of maximising the value of your business and minimising the stress and complexity that you would otherwise encounter.

No offence to Accountants, but most business sales specialists are selling businesses as their primary activity day in and day out. This keeps them in tune with market and industry trends, relative value and demand, all of which will effect what a buyer is prepared to pay for your business asset. With a direct approach and only a single buyer, the seller has little bargaining leverage.

If you are approached to sell, pause, take a breath and by all means have a conversation with your Accountant to get their perspective on value, however, start to think about engaging a business sales specialist. A better price will be achieved if there is more than one actively interested buyer and you will at least be able to sleep knowing you have explored all potential sales avenues.

Most business sales specialists will have genuine registered buyers actively looking for business opportunities or they will be aware of potential buyers worth approaching on your behalf.

A genuine motivated buyer who is prepared to pay a fair price for a good business, will not walk away while you explore other options...

It's an old saying but, ‘You don't know, what you don't know’ - Can you negotiate? Can you deal with pressure from a buyer? Can you keep emotion from influencing the process? Do you know what you are actually selling – Assets or a share of the business? How should the sale be structured or financed to maximise the benefit for all parties including Employees? Can you put together the right information to appeal to a buyer who may be looking at sustaining income, gaining market share, acquiring skills, capacity, agencies, licenses, a strategic location or Customers?

I could go on, but you get the point. Sometimes the direct approach may ultimately turn out to be the best option, however you need to go through a process to ensure you know this to be true and not be left wondering if you could have sold your business for more... You'll also appreciate the assistance in getting it sold and for potentially more than your initial buyer was prepared to pay.

The lesson – Consider your options, get relevant assistance and don't sell prematurely. So avoid being caught on the back foot and get in touch with me today!

Warrick Smith  
Business Sales & Transition Specialist  
021 0248 8139  
warrick@divest.co.nz

  
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