

# Planning Checklist

Experts warn that much like selling a house, business owners will only have one chance to get a top price. So it is essential to groom their business first. One point is that new owners will have to feel they can walk in the door and pick up the reins immediately. With smaller businesses or family businesses, so much is in the owners head.

The business needs to be in a state that will continue without you – otherwise goodwill has no value. If the business is currently reliant on you, you may need to consider whether you are prepared to continue working in the business post sale.

It is important that you have all the right information and details available before you start to market the business. A business well prepared for sale will sell more quickly.

	Yes / no
<p><b>Undertake a business diagnostic</b> – this is a thorough review of your business and should include a SWOT analysis.</p> <p>It is designed to assess where the business is currently at, a level of risk analysis and an identification of areas where the business can improve e.g.</p> <ul style="list-style-type: none"> <li>• Does the business have a competitive advantage?</li> <li>• Is your industry subject to potential dramatic change in the next 5 years?</li> </ul>	
<p><b>Make sure your accounts are up to date</b>, providing full details of the financial performance including: -</p> <ul style="list-style-type: none"> <li>• Profit and Loss accounts from the previous 2 to 3 years.</li> <li>• A schedule of abnormal and/or non-recurring costs in accounts.</li> <li>• GST returns for current trading year to date.</li> <li>• Obtain industry average figures from your accountant to establish how your business compares to the industry average</li> </ul>	
<p><b>Produce a cashflow forecast.</b> Sale may be critical on good cashflow</p>	
<p><b>First impressions count.</b> If any area of your business premises is looking neglected, now is the time to sharpen it up and re-paint or redecorate as required. This includes cleaning plant and checking any outstanding maintenance work is carried out.</p>	
<p><b>Create an operations manual</b> documenting all business systems and processes. This will provide the purchaser with all the information they require to run the business</p>	
<p><b>Get your customer database up to date</b>, formalise and document any verbal agreements or contracts, and detail systems and procedures.</p>	

<p><b>Compile a comprehensive list of plant, fittings and equipment</b> that is part of the sale.</p> <ul style="list-style-type: none"> <li>• This is a good time to look at age, condition and effectiveness. Buyers will be checking to see if items need to be replaced.</li> <li>• Having a service warranty of schedule would be helpful; or even an expert report on their state of repair or effectiveness.</li> </ul>	
<p><b>Get an estimate of stock value</b> and sell or dispose of any obsolete assets and stock that are not essential to the running of the business.</p>	
<p>The original <b>lease documents</b> in respect of business premises should be present and available for inspection.</p> <ul style="list-style-type: none"> <li>• Ensure that you perform your obligations under your lease</li> <li>• Can the lease on your business premises be assigned?</li> <li>• Will an assignment trigger a rent review?</li> </ul>	
<p><b>Check employment contracts</b> of employees of the business and their entitlements.</p> <p>Identify key staff who may need to be retained after the business is sold.</p>	
<p><b>Seek professional help –</b></p> <ul style="list-style-type: none"> <li>• Your <b>accountant</b> can assist with valuing the business and can help you identify potential changes you can make to increase the value</li> <li>• Your <b>lawyer</b> can check any lease or employment contract issues and ensure the sale is documented correctly</li> </ul>	
<p><b>Other obligations</b></p> <ul style="list-style-type: none"> <li>• Ensure that all government and council or other requirements relating to the business are complied with</li> <li>• Ensure that all licences and other permits under which the business is run are current and renewable</li> <li>• Carry out a search of your company on the Personal Property Securities Register.</li> <li>• The purchaser will require that any security over any assets included in the sale be removed before settlement.</li> </ul>	
<p><b>Information Memorandum –</b> create an information memorandum for your business</p>	
<p>Obtain <b>testimonials</b> from happy customers</p>	
<p><b>Identify likely purchasers of your business</b> - are there any businesses buying up and consolidating businesses of your type?</p>	