

PREPARE EARLY FOR THE SALE OF YOUR BUSINESS

Most business owners are referred to Supertrac when they are ready to sell, which is often too late to optimise the result!

Business owners may save hundreds of thousands of dollars by getting the right advice early in their sale planning process. Supertrac's extensive experience with a diverse range of businesses will help you maximise your sale price.

Many of our clients have suggested that a Pre-Sale Business Analysis would have been of even greater value if received earlier in their sale planning process, as they would have had more time to implement our recommendations.

Typically, clients are shown how business profit is calculated, are shown the risks in their business as others see them, and gain a better understanding of the relationship between profit and business value. This new understanding triggers a whole range of opportunities to enhance the value of the business.

Recent examples include:

In the six months after our initial meeting and discussion, a client involved in metal fabrication rationalised its operations from two properties to one, significantly reducing the effective rental expense. They also deleted unprofitable products from their range and replaced them with new products generating significantly higher margins and secured the intellectual property to ensure the maintainability of the new level of profits. The effect was to increase the maintainable EBIT (earnings before interest and tax) by \$1 million pa, enhancing the value of the business by \$3-4 million.

Another client, a wholesale supplier, was shown how their excess stock and relaxed debtor collection procedures eroded the goodwill component of the overall business value by more than \$1.5 million. They then proceeded to reduce stock levels and bring debtors back into shape. This brought \$1.5 million in cash back into the owner's pocket without any negative impact on profit and overall business value.

Yet another client's business in mining services had two significant impairments to value and saleability; it had one major customer and also a high dependence on its owner. Within 12 months of our initial meeting, the business had broadened its customer base and enhanced its management team, not only reducing the risk to the business and therefore making it significantly more saleable than it was 12 months earlier, but also added around \$500K to EBIT and increased the ultimate sale price by \$2 million.

Another prospective client, after learning how business value was inclusive of tangible assets, removed from his business \$500K of surplus equipment, sold it off separately and operated the business successfully without it, effectively realising this additional cash while maintaining the overall value of the business to be sold.

Other important preparatory checks have shown clients the need to tidy up their properties in the areas of environmental contamination, removing or gaining approval for structures, site clearing, addressing asbestos risks and other impairments to a smooth sale process.

Our preliminary due diligence on clients' financial reporting can also show inaccuracies and potential weaknesses in their reporting systems, affecting the quality of data available, which may impact on the sale process and price, if not rectified.

Supertrac's team of chartered accountants and other qualified professionals, whom have also worked at management level in medium and large corporations, also have a wealth of experience in business sale and acquisition transactions, can assess risks and opportunities to purchasers and how to best minimise these risks and maximise these opportunities in your business to achieve the highest possible selling price.

Although the typical value of Supertrac's clients' businesses ranges from \$1M-\$50M, this service is available to the wider market including smaller businesses.

Key steps in the process include:

- Initial Telephone Discussion
- Indicative valuation for sale purposes;
- Analyse the business for strengths and opportunities;
- Identify aspects which can be improved to maximise the sale price;
- Build a profile of purchasers who will place the highest value on the business;
- Provide practical and technical advice that will help you understand the sale process and better equip you and your business for the process ahead;
- Liaise with your accountant and other advisers as appropriate.

Pre-Sale Business Analysis reports include the following:

- Indicative valuation
- Business strengths, opportunities and areas to address
- Aspects which can be improved to maximise the sale price
- Profile of target purchasers
- The sale process ahead

This investment in early expert advice is modest in comparison with the potentially significant financial benefits, knowledge gained and confidence in knowing what your business is worth and the type of purchaser to target. This small fee is rebateable also against the success fee when your business is sold through Supertrac.

If you are considering selling your business within the next two years, please:

1. Contact your nearest Supertrac office;
2. Complete and fax the Response Form attached;
3. Visit supertrac.com.