

A word from Heath Frantzen:



Many people say to me, *“Heath, I love what you do with the Delta Solution to get Baby Boomers ready to sell their businesses. But, I’m not a Boomer and I’ve only had my business for a couple of years. Why should I even be thinking about an exit strategy?”*

This objection to building a business exit blueprint is based on some common fears and fallacies and is responsible for the amazingly high number of US business owners who enter the selling phase unprepared. In fact, nearly 80% of all successful business owners in the United States admit that they do not have even a basic exit plan in place.

My years as a consultant and acquisition specialist have taught me the importance of having a plan in place for selling your business. This plan should be formulated, not three weeks before you decide to sell, but as soon as you start your business, or at least a few years before you leave it.

No matter where you are in the life of your business; whether you are a teen entrepreneur or a seasoned baby boomer owner, you need to think about what you want to happen when you eventually leave the business.

I put together (in no particular order) 11 steps you should take to position your business to sell. This will get you started thinking about what has to happen in order for your future business goals to be met.

If you want to trump the crummy 3% success rate for exiting a business in the United States, you must start your strategic planning now.

I hope these 11 steps start you in the right direction to exit your business faster, more profitably and less stressfully while creating a stream of income you cannot outlive.

For more of our information-packed articles and reports, go to [www.deltabusinessservices.com](http://www.deltabusinessservices.com).

Your friend in successfully transitioning to the next half of your life.

Heath Frantzen.  
Delta Business Service  
[heath@deltabusinessservices.com](mailto:heath@deltabusinessservices.com)  
[210-369-4161](tel:210-369-4161)  
<http://deltabusinessservices.com>

# **11 Steps You Must Take Now To Sell Your Business Successfully**

**By Heath Frantzen,  
President, Delta Business Services**



## **1. Plan Like There's No Tomorrow**

A plan is just an idea until you write it down. You can't rely on fuzzy ideas floating around in your brain to suddenly coalesce and become an actionable plan. You need to have something in writing that outlines your plans and goals for your business, how and when you intend to exit, and what will happen after that. Your plan can start out with a brief outline





## **2. Develop a short list of experts to help you form a transition team.**

Do you have an accountant who is experienced in financial transitions and can help you with ALL the implications of a sale? Do you have a business attorney with similar expertise? What about a mentor in the form of a fellow business owner who has successfully navigated a business sale?

You need to have a list of people, including your managers, key employees, and family members who will form the core of your transition team when the time comes to leave.

Certain types of businesses might also find it useful to have CABS (Client/Customer Advisory Boards) in place long before the transition occurs.

These boards consist of 10-12 of your top-tier clients who meet 2-3 times per year to discuss your business and provide feedback regarding everything from marketing initiatives, to management changes, and ultimately, changes in ownership. Businesses that benefit most from CABS include consulting practices, insurance agencies, financial planning offices, and similar businesses.

### **3. Enhance the “Curb appeal” now rather than later.**



Years of successful selling in the real estate industry proved to me beyond a doubt the value of curb appeal in selling a piece of real estate. This goes well beyond the cosmetic fixes of the “staging” process and involves efforts to make real changes that attract quality buyers. This same technique must be applied to your business as well.

Don't wait until you think you want to sell to begin creating lasting curb appeal. Do things right now such as: disciplining, retraining, or dismissing mediocre employees, thoroughly cleaning the offices and work space, replacing worn or malfunctioning machinery, updating computer systems, cleaning up customer and vendor databases, starting a marketing “scrapbook” of articles and events involving your business. If you have a physical location, tidy up the landscaping, throw on a new coat of paint, or add some outdoor sculptures.

Virtually everything you can think of that would enhance a home for sale will also enhance the business you've got for sale. Judicious spending in the right places could result in a much better price in a much shorter time period.

#### **4. “Court Your Customers”**

Sometimes owners get so caught up in the every day running of their businesses they forget the value of human contact. Whenever possible, make it a point to contact your customers yourself. Meet key customers for a cup of coffee, write a handwritten note, call them on the phone, or pay a visit to their office.

A little schmoozing goes a long way to rekindle and cement the relationships your company has with its’ clients and customers. Continue to grow and refine your database of clients and prospects, even if you think you want to leave right now. Your customer and prospect database is gold that potential buyers will highly value.



#### **5. Keep your key employees happy and singing your praises.**

Long before you sell, train your most valuable employees to solve problems and make decisions in your stead. Studies indicate that employees value recognition and engagement over just getting an occasional wage hike. Atta boys go a long way to ensure that key personnel don’t decide to jump ship when you leave the business.

Whenever possible, provide your employees and managers a means to air their concerns and grievances. Let them know you take those concerns seriously and do your best to address the issues they bring to your attention.

If your budget allows, do little extras such as bringing in lunch or sponsoring incentives and contests.

Remember: most prospective buyers are people looking at your business as an investment, not a hobby. Low employee turnover, high morale, and high productivity are extremely attractive qualities to potential buyers.

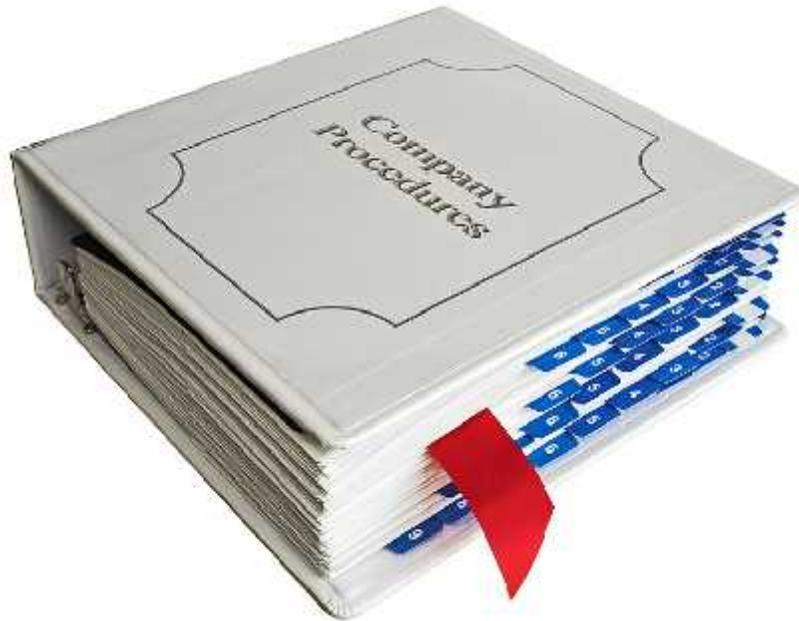


### **6. Take off your “Top Banana” Hat**

Investor buyers are rightfully leery of businesses whose fortunes hinge on the dynamic personalities of their owners rather than on the quality of their product or service.

I know a lot of you love being the top banana, and that’s fine up to a certain point.

However, you can’t allow your personality be the sole driver of the business or you risk frightening off potential owners who believe they’ll never be able to step into your shoes.



## **7. “Manual” Labor Goes A Long Way**

If you’ve been doing things in a seat of your pants style, now is the time to mend your ways. It doesn’t matter if procedures are “understood” in your business, and more or less followed; you need to write them down.

As impressive as it is that you or your employees can store vast amounts of information in your heads ranging from the telephone numbers of your vendors to the location of the best Chinese takeout in town, you can’t expect your new owners to think of everything.

So, help them out and create good will by making a written operations binder. This is such an important piece of the selling process that I am going to take some time here to tell you exactly how to put together this transition binder.

Things that you should include:

**Written employee policies** such as sexual harassment and discrimination guidelines, grooming and uniform guidelines, and written policies for time off, vacations, sick time, etc.



**Locations of employee records** such as resumes, offer letters, non-compete agreements, termination letters, etc. If you store these on your computer, it might be a good idea to purchase an external drive and back these up. You can then turn the drive over to the new owners when the sale closes. Regardless of where you keep these records, however, you need to write it down.

### **Vendor phone numbers and other contact information.**

It's a great idea to make notes beyond just the basic contact information for all of your key suppliers. For example, if you own an auto repair shop and you have a favored vendor who stays open late for you and moves the world when you need something, be sure and note that. Also make note of any special agreements you have with vendors.

### **Overview of your typical opening and closing procedures**

Don't count on your employees to clue in a new owner on your opening and closing procedures. Instead, outline them, including pertinent details such as "We open one hour earlier on Wednesdays to accommodate XYZ vendor." "We usually open the garage after 2 on Sundays." "Business is slow on Tuesday afternoons, so we use that time to do maintenance." Information such as this is priceless to buyers and potential buyers.

## **Codes, keys, passwords and secret handshakes**

Of course new owners will eventually change everything, but it's much easier for them to do so if they know the current lock combinations, passwords to computers, security key codes, etc.

## **Location of customer database and billing information**

In most cases, you will be leaving the new owners a database of customers and notes about those customers. In your binder, you should outline billing frequencies, terms and conditions, etc. For example, if you sell to schools or non-profits, a purchase order might be required. Exceptions to billing and customer procedures should be noted.

## **Equipment warranties, receipts, and manuals.**

Nothing says organized like having receipts, warranty cards, and manuals for all of your tools and equipment, including office equipment, computers, and furniture. Whether you scan them into your computer or external hard drive or file them neatly in an old school metal cabinet, you are saving buyers tons of time and they will like that.



## **Insurance policy information**

Actual declaration pages and/or policy copies will be filed either on the computer or in another filing system.

However, it is not a bad idea to create a summary of insurance for the new owner. In fact, you can usually get a summary by asking for one from your insurance agent and include it in the binder.

The summary should contain information such as policy numbers, policy period, name of issuing company, servicing agent's name and contact information, etc.



Many times your liability insurer will maintain a special emergency number for claims. Help the new owner out by including those numbers in a place where he or she can find them quickly.

### **Emergency contact numbers**

Have a comprehensive list of all emergency contacts. This includes local clinics and hospitals, plumbers, electricians, locksmiths, mechanics, tow companies, etc. You should also have emergency phone numbers for all of your management members and employees. Make sure new hires always fill out the “who to contact in case of emergency” portion of their job application.

### **Document templates and marketing samples**

If you want the business to continue more or less as you built it, then including access to branded business communication templates is a great idea. You could

make templates of documents you commonly use in the business, such as billing invoices, payment reminders, collection notices, drip marketing pieces, reports, emails, etc. You should also include copies of direct mail pieces you have sent out, ads you have placed online or in newspapers, and any other marketing you have done in the past. Include notes on these campaigns related to their effectiveness, costs, and time frames.

### **Customer correspondence, testimonials, successfully resolved issues**

Let potential buyers know about positive reviews your customers have given you. Include copies of letters, online reviews, emails, etc. If a customer had issues with your product or service, detail how you solved those problems. If you have a presence in social media, give all the particulars, including how to access your, Facebook or Google pages or Linked In ads, etc. It's a given that potential buyers will Google your business, but it is NOT a given that they will get the whole story. Careful management of your online reputation is critical and documenting it even more so.





### **List your intangible assets**

We all know about the “good will” of a business. But that is only one form of intangible. There are many intangible assets in a company which, although they are often difficult to quantify, make huge contributions to the success of the business.

For example, you might have unique research and proprietary procedures you have developed which make your business more profitable than others in the same niche. These procedures could apply to customer acquisition, customer retention, obtaining referrals and testimonials, etc.

You could have a way that you ensure you only get the highest quality employees, have low turnover, high morale, and a happy workplace.

If you are doing something different, something you know helps your business succeed, explain in detail and put it in the binder.



## **8. Get all your financial records in perfect order**

If you are the kind of business owner who:

- Scribbles down important information on the backs of envelopes...
- Keeps crucial data inside your cluttered brain, never writing **anything** down
- Doesn't throw anything out...
- Has a drawer full of receipts going back to when gasoline was \$1.29 a gallon...
- Has a desk so messy it's a struggle to even find the phone or computer mouse
- Takes ten minutes or more to locate an important phone number or document
- Puts accounts receivable in a shoe box...



Then, it's time to smell the strong coffee of reality...if you can find the coffee maker underneath all the junk, that is.

One of the biggest and ultimately, costliest, mistakes I see when I evaluate businesses for sale is a devil-may-care attitude toward keeping good records.

While this might seem expedient, even slightly rebellious to you entrepreneur-types, let me tell you that this one thing is responsible for tanking thousands of deals every year.

A potential buyer, especially since they are rare as short-winded politicians, is almost always turned off when encountering missing, misplaced, misfiled, incomplete, inaccurate records.

When a potential buyer enters your businesses' office and takes in eyefuls of the mess on your desk, overflowing waste baskets, unfiled and unprotected confidential information, open ledgers, etc.. he or she instantly forms an unflattering opinion of your company. This is one instance where perception truly may be stronger than reality and could severely impede the sale.

With so many businesses on the market and so few qualified purchasers, buyers can afford to be discriminating. Don't let your lack of basic organization ruin what could be a profitable relationship.

If you think you don't have time to do this, or don't know how, then pony up and hire an organizational expert. You can pay a professional organizer an hourly fee to come in and do what's needed to get your business life back in order.



**9. Determine what role, if any, you will play in the business post-sale.**

It's important to know, and discuss with your mentors, colleagues, employees, and family members, the role you will play once the business is sold. You need to do this now, and write it into your exit blueprint.

Are you determined to sell, board a plane to Fiji and never look back? Are you willing to stay on in a consultant capacity while the new ownership is transitioned in? Will you come back in a non-management, employee role because you know that you'll be bored in retirement?

These are important questions to consider as your willingness to do anything needed in order to help new owners make a smooth transition will be a definite selling point.



**10. Do anything and everything to increase your cash flow every year.**

Every business has inefficiencies which cause it to leak cash. These could be anything from overpaying for office supplies, to buying too much insurance coverage, to failing to negotiate machinery and office space leases. That's why you need to sit down and audit each and every expense to determine (a) if it is truly necessary and (b) if you are paying too much.

There are dozens of places where a business can slim down without putting employees on the street or slashing quality or customer service.

It's a great idea to get with your primary vendors and discuss ways to get raw materials and equipment at discounted prices.

Look hard at your insurance coverage to make sure that you aren't paying for overages you don't need. For example, you might have full coverage on older vehicles that don't need. Have your agent sit down with and review everything, including your workers' compensation policies and liability coverage.

While you always want to use top-rated carriers for your business insurance, there can be surprising differences in the premiums charged by different companies.

Ask the agent to run proposals from more than one insurance carrier when the time comes to renew. Also ask your agent about discounts that are available, including discounts for drivers who have received safety training and certifications, college degree discounts, straight-A discounts, etc.

When the time comes to purchase new equipment, get bids from multiple suppliers. Also, factoring in shipping of course, check out online prices to see if you can save money on basic items such as printer ink, batteries, paper, and various office supplies. Bid out janitorial and maintenance services as well.

#### **11. Remember to update your plan periodically.**

Even though you might not anticipate selling your business for many years, it makes good sense to review and update your exit blueprint on a regular basis.

Things can happen which might make your exit necessary earlier than you imagined and you'll need to put your plan into action quickly.



## **11. Get a mentor to help you in the selling process.**

Delta Business Services is not a business brokerage. Instead we are real business buyers and sellers who have actually been through the pain, frustration, and disappointment that happens when a business deal isn't done the right way.

We know what it takes to sell, how to attract the highest quality buyers, how to streamline the process so it takes less time and causes less heartburn.

In fact, our proprietary automated system for exiting your business is guaranteed to provide you with a stream of income you cannot outlive.

If you are a business owner 50 and older who is seriously thinking about exiting your successful company, contact us today for a free initial consult.

Heath Frantzen.

Delta Business Service

[heath@deltabusinessservices.com](mailto:heath@deltabusinessservices.com)

[210-369-4161](tel:210-369-4161)

<http://deltabusinessservices.com>Delta Business Services

PS: If you are under 50 and would like to learn how to build your business to sell later, visit our website for special free reports, webinar replays, and other information to help you prepare **the ultimate exit plan.**

