



## Built to Sell: How to Create a Business That You Can Sell for Maximum Value

Some entrepreneurs found a family business that they plan on passing down to their kids and grandkids to provide them with wealth and financial stability. Some entrepreneurs build companies with the sole intent to sell them quickly for a profit. Either way, the sales potential of your business venture is inextricably tied to your legacy. You owe it to yourself to build a business that has the potential to sell for maximum value for hypothetical (or very concrete) sales in both the near and distant future.

It's useful to build your company to sell from the very beginning, but even if you've been in business for years our tips can help you maximize the value of your business no matter when you decide to sell it.

### **1- Find a niche**

When developing the concept for your business, try to find a niche in the market. Make it your goal for your company to slip into a spot in an industry where larger, more traditional players in that genre will want to expand in the future. You may not have a crystal ball, but savvy entrepreneurs can make common sense judgements about the direction a particular industry is heading. For example, if you think the future of greeting cards is entirely digital rather than paper-based, you could build a digital greeting card company that could soon become very appealing to an industry giant like Hallmark. Whatever your idea for a company, educate yourself on the industry and figure out what niche you can fill. Even if your business is already established, it's never too late to angle your company's focus towards the future of your industry.

### **2- Know your market**

Truly knowing and understanding your market has two-fold meaning. Firstly, educating yourself on other similar businesses to yours. What have they done to be successful and what has caused them to stumble? What did the businesses that sold for the highest amounts have that made them so valuable? Not only will this help you build your business in a way that learns from the successes and failures of others before you, but also helps you structure your company in a different way that allows it to stand out from the rest.

Next, know your audience. Who is going to want your product or service? What effect does your location have on the amount of potential customers for your business? Buyers are probably not going to want to pay a lot for your company if it doesn't appeal to very many customers. Your

idea may be brilliant, but that doesn't mean there is a market for it. Make sure there is an audience for the company you create.

### **3- Treat your business like you aren't going to sell it**

Whether you plan to sell your business right away, later, or never, you should always build your company as if you will never sell it—or at least not for a very long time. When you are overly focused on your exit strategy, things fall through the cracks with your business strategy which leads to sloppy execution, mistakes, and financial inconsistencies that will scare away potential buyers and eat away at your company's potential value.

Your goal is to build such a strong business that the buyers will come to you rather than you going in search of buyers while you are building your business on the side.

### **4- Proper planning and strategy are key**

As we stated in point 3, a company with strong execution and business foundation is far more appealing and has far more value than one based around a good idea but with a sloppy business structure. In order to achieve that strong foundation, proper planning and sound strategy are essential.

This is where hiring an experienced business attorney like Brown & Sterling can really help you maximize your company's potential sale value. A knowledgeable professional like Brown & Sterling will give you the legal, financial, and commercial advice to avoid costly legal errors, build a strategy for sound execution of your business plan, make quality hires, and advise you on just about every other point on this list of ways to maximize your company's sale value. And when the time comes to sell your company (or if you want to buy another one), Brown & Sterling can help you every step of the way as well.

Always plan ahead, and rely on those that plan ahead for a living.

### **5- Build a "Turn-Key" Company**

If you want to get the biggest return on your investment possible when you sell your company, build it so that a buyer will be able to seamlessly take the reigns without having to make a ton of changes or lose productivity. Most buyers don't want a lump of coal, they want a polished diamond. Incorporate strategies, policies, and logistics into the daily management of your company that can be replicated by anyone.

### **6- Plan and allow for long-term growth**

Most buyers look to buy a company with the thought in their head that they are going to scale up the product or service. Perhaps you don't have the cash to ramp things up or maybe you just don't want the hassle, but whatever you do make sure your daily management plans and long-term strategies provide for the potential of growth whether you want the company to grow or not. A company that has no growth potential is of little value to a vast majority of buyers.

### **7- Generate buzz**

This seems like a no-brainer, but make sure you are getting your name out there whenever possible. Execute viral marketing strategies, network with potential future buyers and tell them about your company, get as much attention and press for your business as you possibly can. The more people who know about your business, the more potential buyers there are and the more incentive they have to buy. And I'm sure we don't need to tell you that the more buyers vying to buy your company, the higher your company's sale value.

### **8- Keep your books clean**

Strong bookkeeping is another essential to selling your company for maximum value. Inconsistencies or sloppy books will be a huge red-flag for potential buyers and can completely blow up a sale. Make sure you are diligent with all of your finance records. Eliminate all inconsistencies as soon as possible and strive for transparency. If you have nothing to hide, potential buyers will have nothing to find that could ruin the sale of your business.

### **9- Keep it simple!**

In building your business you should strive for simplicity wherever possible. You don't need to implement tons of convoluted rules and strategies to be successful and that will only make potential buyers less interested. The less work they have to do in taking over your business, the more valuable it will be to them. Keep your management and operational techniques as simple as they can be and it will only highlight the appeal of the basic product or service being offered by your company.

You pour your heart and soul into your business ventures, so it is reasonable and even necessary to want to get the highest payoff possible when you look to sell what you've worked so hard to build—if you don't believe in the value of your business, why should buyers? No matter where you stand on the business building timeline, from those who are nurturing a new idea to those who have run their business for decades, the tips above can help you turn your company into an absolute cash cow when you are ready to sell it.

Brown & Sterling is here to help you from start to finish with a personal and dedicated commitment to helping your business get off the ground, grow, and flourish. Our business and legal knowledge and experience can protect your company and ensure that it becomes everything you hoped it could be. If you have questions, ideas, your company needs legal help, or you just want to talk, give us a call at (425) 222.6374. Let us help you make your business dreams a reality.