

Around the Web: A Month in Summary

A recent article posted on PR Newswire entitled “Business owners' love of work may hinder succession planning” explains the parallels between the number of business owners with no plans to retire and the lack of succession planning. In a recent poll, over 70% of business owners said they are not planning to retire, don't know when they will retire, or do not plan to retire for at least 11 years. The survey also reported that 2 out of 3 business owners do not have a succession plan or a clear understanding of the importance of one.



Even if there are no immediate plans for retiring, business owners should have a succession plan in place to protect the business, partners, employees and customers. If something were to suddenly happen to the business owner such as serious illness or an untimely death, a succession plan would help make sure everything goes smooth with the transition of the business.

To get started with creating an exit plan, business owners can take 5 simple steps:

1. Set goals & objectives
2. Determine the value of your business
3. Consider options for the business in the case of disability, retirement or death
4. Develop a plan and documentation with an advisor, attorney and accountant
5. Fund the plan

You never know when something unexpected could occur, so it's never too early to start creating a succession plan.

[Click here to read the full article.](#)

A recent article posted by Forbes entitled “Baby boomers are selling their businesses to millennial entrepreneurs, and it's a brilliant idea” highlights the fact that many baby boomers will soon be looking to sell their businesses and this creates excellent business opportunities for millennials. Many of these baby boomer businesses are well established having no debt, loyal customers and proven business

models which make them a great opportunity for young entrepreneurs to take over instead of letting the businesses close down.

Here are 7 places to start looking for these baby boomer businesses:

1. Local chamber of commerce
2. Local CPAs
3. Local real estate brokers
4. Local community bankers
5. Business brokers
6. M&A Advisors
7. Go directly to the business owner
8. Craigslist or eBay

Overall, staying connected with local professionals in your area as well as being proactive in searching out businesses for sale will help you to find a great business opportunity. Once you find a legitimate business, find out if it's making a profit. If so, ask why the owner wants to sell and if not, find out why.

[Click here to read the full article.](#)

A recent article from Forbes entitled “Selling your business in 3 to 5 years? Buy another company now” explains how acquiring another company can significantly increase the value of your business before you decide to sell. The first thing to understand is that the multiple of earnings paid for a company increases at an accelerating rate with size. Larger EBITDA means larger multiples, and larger companies are generally less risky so a buyer is willing to pay more.

Acquiring another business may also amount to cost savings and operational improvements when the companies are integrated. Combine these savings with organic revenue growth and a larger multiplier when the companies are combined, and this can add up to a huge increase in your company's value. So, if you're thinking of selling within 3-5 years, this could be a good strategy to consider.

[Click here to read the full article.](#)

A recent article from the Denver Post entitled “Selling your business? Focus on the key business drivers so buyers pay top dollar” explains how focusing on certain key factors of your business can help you get the highest possible price when selling your business. Although many key business drivers vary among industries, there are four drivers that apply across the board:

1. History of increasing revenues and profits over the past 3-5 years
2. Strategic business plan that shows strong growth, competitive advantage, and products or services that can be sold across multiple industries
3. Future cash flow including expected EBITDA performance, expected working capital investment requirements, and expected fixed-asset investment requirements
4. Strong management team and strong operating systems in place

Business owners should get a detailed business audit and analysis from a business consultant so they can see where their business's strengths and weaknesses are. This will show the owner what business drivers to focus on improving in order to get the highest price for their business.

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A recent article posted on Divestopedia entitled “What Is Your Company Actually Worth?” explores how buyers and sellers often perceive a company's worth differently and how business owners misjudge their company's value. Private company valuation is a complex process and most owners have difficulty staying objective when it comes to a business in which they have put their life's work into. On the other hand, to a buyer, the company is an asset to be acquired at the lowest possible price, which often leads to a large difference in perception between a buyer and seller.

An experienced M&A Advisor can help negate these problems and make the sale process better for the owner for the following reasons:

1. The business owner can focus on factors of the business which will increase the valuation such as EBITDA, sales, gross profit margins, customer growth and employee skills.
2. The owner will get an extensive look at the financial health of their business from an advisor along with recommendations for improvement.
3. An M&A Advisor will also be an experienced negotiator, helping the owner get the best sale price for the business.

The key to avoiding mistakes in selling a business starts off by getting an accurate valuation of the business and making sure everything is analyzed effectively to prepare for a profitable sale.

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About CK Business Consultants, Inc.:

CK Business Consultants, Inc. has been dealing exclusively in the sale and acquisition of petroleum and propane related mid-market companies since 1976. We are qualified, experienced, and highly professional intermediaries working with both buyers and sellers in the successful transfer of business ownership. We handle all phases of the project including initial analysis, valuations, developing a confidential information memorandum, locating qualified buyers, negotiations, and execution of the transaction. For more information, please call or email Gary Papay @ 570-584-6488, gpapay@ckbc.net or visit our website @ www.ckbc.net.

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