

1 Why are you selling?

This is a common question that buyer's ask and one which you should consider very carefully. How will you answer this when asked? Put yourself in the buyer's position and ask yourself how you would feel hearing that answer, will this put any doubt in the buyer's mind?

2 Current lease.

Do you have a copy of the current lease? Is there still a good length of time remaining on the current lease? If not will you or the buyer be able to negotiate a new term?

3 Are all of your financials in order?

Do you have all of your financial information up-to-date? Whichever accounting system you're using make sure that all of the information that a prospective buyer may require is easy to obtain and that you have copies of recent profit and loss and budget information to hand.

4 Do you have copies of tax returns?

It's a good idea to have as many of the most recent tax returns either in hard or soft copy available. Buyers may well ask for the last 3-4 years of tax returns.

5 Staff Details.

Is all of the information regarding your employees located in one place and easy to find? Make sure you have all current job descriptions and contracts at hand, you should also have.

6 SWOT Analysis.

A SWOT analysis is very useful to have to show to prospective buyers and demonstrate strengths and opportunities of the business and also to show how you are or will overcome any weaknesses or threats. The buyer may already have identified weaknesses or threats and this is a good way to overcome that objection proactively.

7 Bank Statements.

Make sure that you have all of your bank statements either in hard or soft copy available should the buyer wish to cross check any income or expense items.

8 Operations Manual.

Do you have a document outlining the key operational steps of the business? This does not have to be a hugely complicated document but it should be structured in a way that will help the buyer to feel confident about taking on the operations of the business.

If you don't currently have an operations manual it's good idea to make a note of situations and problems as they arise and how you want the staff or employees to deal with those problems as they arise.

9 Proof that the business can run without you.

The operations manual mentioned above will help to prove that the business can run without you. Think about which documents, manuals, policies and procedures you can provide the buyer with to help them show them that the business will continue to operate at its current level when you step out.

10 Housekeeping.

How does your business look to somebody who is never seen it before? Try and take an objective view your business and view it through the eyes of the buyer.

*How does the place look?
Is the equipment tired?
Do the walls need painting?
Do the staff look engaged?*

Consider asking a friend or family member who's not related to the business to give you some constructive feedback about how the business looks. Make a note of the comments and address any issues immediately.

11 Supplier Information.

Do you have all the information about your current suppliers prepared? The buyer will look through supplier information to cross check prices paid for goods and may also look for reassurance that the supplier will continue to work with them. Any agreements that you have regarding price and supply should be made available to the buyer prior to the sale.

12 Key customer information.

Think about how you can reassure the buyer that key customers of the business will continue to purchase from the business after you step out. If you have contracts with customers this is a great way to put the buyer's mind at rest.

13 Have you decided who will sell the business?

Will you use a business broker? Or will you sell the business yourself?

14 How much is the business worth? Have you had a professional valuation?

It's good idea to take advice from several professionals to establish the current value of the business. A business broker will be able to give you an idea of comparative sales in the current market.

15 Speak to your lawyer.

It's a good idea to make your lawyer aware of your plans to sell the business at an early stage. Your lawyer will be able to give you information regarding the assignment of the current lease or the grant of a new lease depending on the term remaining.

If you intend selling a business yourself as opposed to through a broker, discuss this with your lawyer and take their advice regarding the process to follow once you have found a suitable buyer.

16 Speak to your accountant.

As with the lawyer, make sure you notify your accountant early on in the process. Ideally, your accountant should be consulted long before the business goes on the market to establish and plan your personal tax situation and how to minimise any tax paid on the sale of the business.

17 Training Period.

Will you be offering training for the new buyer after the sale has gone through and if so, how long will this be for?

You will also need to consider whether this time spent training the buyer is included in the purchase price or if you will be remunerated separately?

18 Inventory.

Have you made a full inventory list of all equipment included in the sale?

This inventory should include all items included in the sale and ideally will list make, model, serial number, etc. If the equipment is under warranty, then details of this should also be readily available.

If the business uses leased equipment or equipment on hire purchase to operate, then this must be disclosed to the purchaser and an arrangement made about whether the agreement will be transferred or if you will pay the balance out upon completion.

20 Things to Remember When Selling Your Cafe

19 Don't count on finding a stupid buyer.

Stupid buyers actually do exist and will even occasionally make inflated offers to buy a business. Unfortunately, somewhere along the way their lawyer, bank or advisor will show them why that offer doesn't make sense. Don't get excited about crazy offers. They never work. It is far better to have realistic expectations to start with.

20 Don't Disclose Everything.

You don't need to disclose everything right now. "The Family jewels" type of secrets such as formulas, key customers, marketing secrets, etc. can be left until due diligence.

I hope that this checklist has helped you to carefully consider all the things that need to be taken into account as you prepare your business for sale.

Further information about how to sell your business for the right price at the right time can be found on our website <http://www.gsebusinessconsultants.com.au/>



About the Author

Hi, I am Paul Leach and I specialise in working with Cafe owners to make sure that they get the best return possible when they sell their cafe. I am the director of GSE Business Consultants who are Specialists in Selling Cafés and based in Sydney.

Having sold nine of my own food businesses over the last 23 years I have learnt a thing or two about how the sale process works.

I have sold most of my businesses myself and a couple through a broker so I have seen the pros and cons of both methods first hand.

I now use my experience to guide cafe owners through the sale process in two different ways.

Firstly I run a program called Six Weeks To Sale that I have developed to help prepare cafes (and their owners) for sale, this step by step process ensures that the business will sell for what its worth, and on your terms.

At the end of this program you will have everything prepared for the sale process and a clear idea of how to get the most from the sale.

At this point you will feel confident and knowledgeable enough to sell the business yourself or you will be able to negotiate a lower commission with a broker. You will have a cafe that will be easier to sell and worth more than similar businesses on the market.

Secondly I can work with you on a one on one basis (NSW only) to help you fully prepare your cafe for sale, this can save a lot of time and suits those people who prefer more personalised support. At the end of this process I will act on your behalf as an agent and deal with the entire process of the sale from start to finish.

Please note that as this is a personalised service that I chose to deliver myself I can only take on a few one on one clients at any one time.