

5 Ways to Grow Your Business to Maximize the Purchase Price Value –

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In order to maximize the value or the amount you keep in your pocket when you decide to leave or sell your business, you can

- Start a business or
- Buy a nice small business, build it up, pay off loans, and sell.

Set up a business from the beginning (or now) to maximize sales value by following the:

5. Maintain good financial books and records

- Keep your personal and business funds separate. Yes, for small business owners starting out funds may be indistinct. As soon as possible, keep separate books.
- Make sure your accounting policies conform with those in your industry.
- Enlist your accountant and attorney to determine which entity type is best for your business and your future plans.

4. Diminish or Remove unreported cash, perks

- Report cash (e.g. no \$10,000 'cash' bonus in your pocket).
- Identify and limit or remove non-essential business expenses (e.g., additional \$10,000 for family vacation to Fiji counted as business expense)
- Why: \$10k off the bottom line is a potential reduction of purchase price by 2 or 3 times that amount.

3. Keep Investing in the business...

- ...as if you were going to keep running it yourself. If buying new equipment, make sure that it increases revenue and would increase the value of the business. Buyers will consider the level of debt and the quality of assets, particularly in manufacturing operations.
- Acquire another small business to create some synergies and increase value....equity being value.
- Review leased and financed assets to see whether they should be fully owned.

- Debt is not bad. Too much debt or unmanageable debt is!
2. **Make sure the business is financeable**
 - Seller financing indicates to buyers & bankers that seller believes the buyer can continue and grow the business. Additionally, MAXIMUM value is achieved (always a cash discount).
 1. **Work yourself out of a Job ******
 - Make sure you are NOT critical to the business.
 - IF your company's success is not solely dependent on your input in terms of operational know-how, technical skill or personal relationships with clients or suppliers, then VALUE is greater.
 - It is helpful to have a reliable management team to demonstrate that the business will continue to be successful once the owner has left.

In sum, to get the greatest value when you decide to sell your business:

- make sure you know your financials,
- do not commingle funds,
- invest (reasonably) in your business,
- provide financing or have a SBAable business, and
- become dispensable to your business's success.