

# YOUR BUSINESS SALES

## Why are Today's Business Owners Turning Down Their Best Offers?



**Businesses change hands every day.**

**'Holding Out' can be a very successful negotiating technique, but when it comes to business sales, if you're not careful, it could cost you more than just your hottest leads.**

Six Months ago, I was approached by a client who wanted to sell her business. After the necessary preparation, it was placed on the market for \$160,000 and the first wave of offers, though good, came in at around twenty percent less than she had wanted. Against our best advice, the seller contacted the buyers directly and instructed them to look elsewhere, choosing instead to hold out for better offers. Four months later, her business went into liquidation and was sold for stock. What did she do wrong?

This problem stems from, what can only be described as a limited buyer pool, a great example

of which can be observed in the advertising undertaken for the business.

The business in question had a three-week run in the classifieds. The first week it received seven enquiries. The second week: three enquiries. The last week it received only one enquiry. Though this is a perfect example of buyer interest dwindling, it's not the best. The best example of diminishing buyer interest was observed when a revamped advertisement was run again, three months later. Over the course of the three-week run, it did not receive a single enquiry.

**In six weeks of paid advertising there were more enquiries in the first week than the following five.**

This phenomenon isn't reserved solely for newspaper advertising. It's exactly the same story for web advertising and direct mail also.

What can be drawn from this is that the pool of buyers looking for certain business types is not unlimited. At any given time, there are as little as fifty viable buyers in the market and this group isn't self-replenishing. If your business has been on the market for six months, the people looking at it are, nine times out of ten, the same people who saw it on the market when it was first placed. The first wave of offers is usually the best because by

the time the second wave comes, the buyers making those offers have been watching your business not selling.

At this point it would fair to ask what to do when the first set of offers doesn't meet expectations. Keep in mind that if you receive an offer that is lower than your asking price, the buyer making that offer is not out to insult or swindle you; it's just part of the game. Furthermore, it is this first run of leads that give you an indication as to what the market sees your business to be worth. As a seller, it's your job to present your business in such a way as to show the buyers why you feel your business is worth what you say it's worth. Work with them, as opposed to against them and nine times out of ten, you will find a price that's good for the buyer, and good for you.



**Learn to work with the Buyers**

# Business Of The Month

## Distributor of Niche Technology Hardware



Est. 2003, this business is involved with the importing and distributing of niche technology hardware for a wide range of applications including retail, commercial and industrial environments. Clients include Corporate Clients, SME's, Charities and Government Departments.

- 50% of sales from repeat clients
- Database of over 2000 prospects who are in constant contact via newsletters
- Top 3 in Google keyword search.
- All systems in place.
- Adjusted profit \$546,000 pa on revenue of \$2.2M

With five staff, including the owner this business could readily be operated under management. This is a 5 Day per week business. The owner advises the market for their products has grown by 26% in 2008 and 52% in 2009. The business is fully systemised and could be operated under management if required. The business is known as

**ASKING PRICE**  
**\$1,800,000**  
**CALL TODAY!**

a market leader in their field. The industry will see growth in future years as a more diverse application for their products develop. The business could provide a "bolt on" opportunity for someone in a related industry. One of the main features of the business is that it is readily scalable when large opportunities are won. Price includes equipment, fixtures & fittings and goodwill.

## Want To Sell Your Business *FAST* For the Best Possible Price?

For Us, Selling a business is about helping YOU, the Business Owner achieve the best results.

Your Business is your hardest earned asset.

Together, as a team, we will devise the best strategy for achieving the sale with outstanding results.

We believe that our dedicated, Unique and Focussed approach makes us the best in our field, but we'll let you be the judge.

Call Today & See why we are Different.

**ACHIEVE THE BEST RESULTS!**

**(02) 9817 3331**



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