Sell a struggling business by Alice Mathew

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The first thing that you have to keep in mind is that while selling a failing business, you wonâ€™t get high price. It should be clear enough that may be able to get is a "fire sale" price. You have to recognize that the market for a struggling business is small. Struggling business may limit you to buyers with experience in turnarounds. Following points can help in you in doing so:

â€¢ Take help from consultant or business appraiser to evaluate your business fairly.

â€¢ You must not get emotionally attached while evaluating your business. Emotional attachment may restrict your ability to come up with a genuine price tag. Generate comparable valuations of similar properties in your area.

â€¢ Involving a broker to sell the business is advisable. He is an experienced person and his experience can put you in contact with lot more buyers than you'd find on your own.

â€¢ Never hide anything from the buyer. Be open and disclose your business's problems. It increases the trust of the buyer. If you try to hide anything, it will give a negative impression as a well-prepared buyer will uncover them in anyway. You should state up the personal reasons for a recent fall-off in business, like owner's ill health. If the business's problems are a relatively recent phenomenon, you may be able to earn more money for it than if the decline has been long-term and consistent. Be completely honest and forthcoming, even if you aren't asked directly. Hiding significant problems can be grounds for fraud.

â€¢ Produce facts and figures about your business at the initial stage to show prospective buyers what kind of growth and turnover the business once generated, and could again. Amount of average transaction, customer traffic amount, and weekly or monthly reports is all useful information.

â€¢ Before going on the market clear any pending litigation and sizable debt. Nothing can hinder a business sale deal faster than a large debts or lawsuit.

â€¢ Be up-front about the challenges that your business faces. It will establish trust and build faith in you as the seller.

â€¢ Have patience. A buyer may take some time to create a plan to restore the business to profitability.

â€¢ If you are not able to get a buyer for the whole company, break the company into pieces such as entity, such as equipment, technology or property and sell or license them separately.

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Author is an online marketer. She loves to write on different topics. Right now she is sharing information on a Sell a business directly in Canada.

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