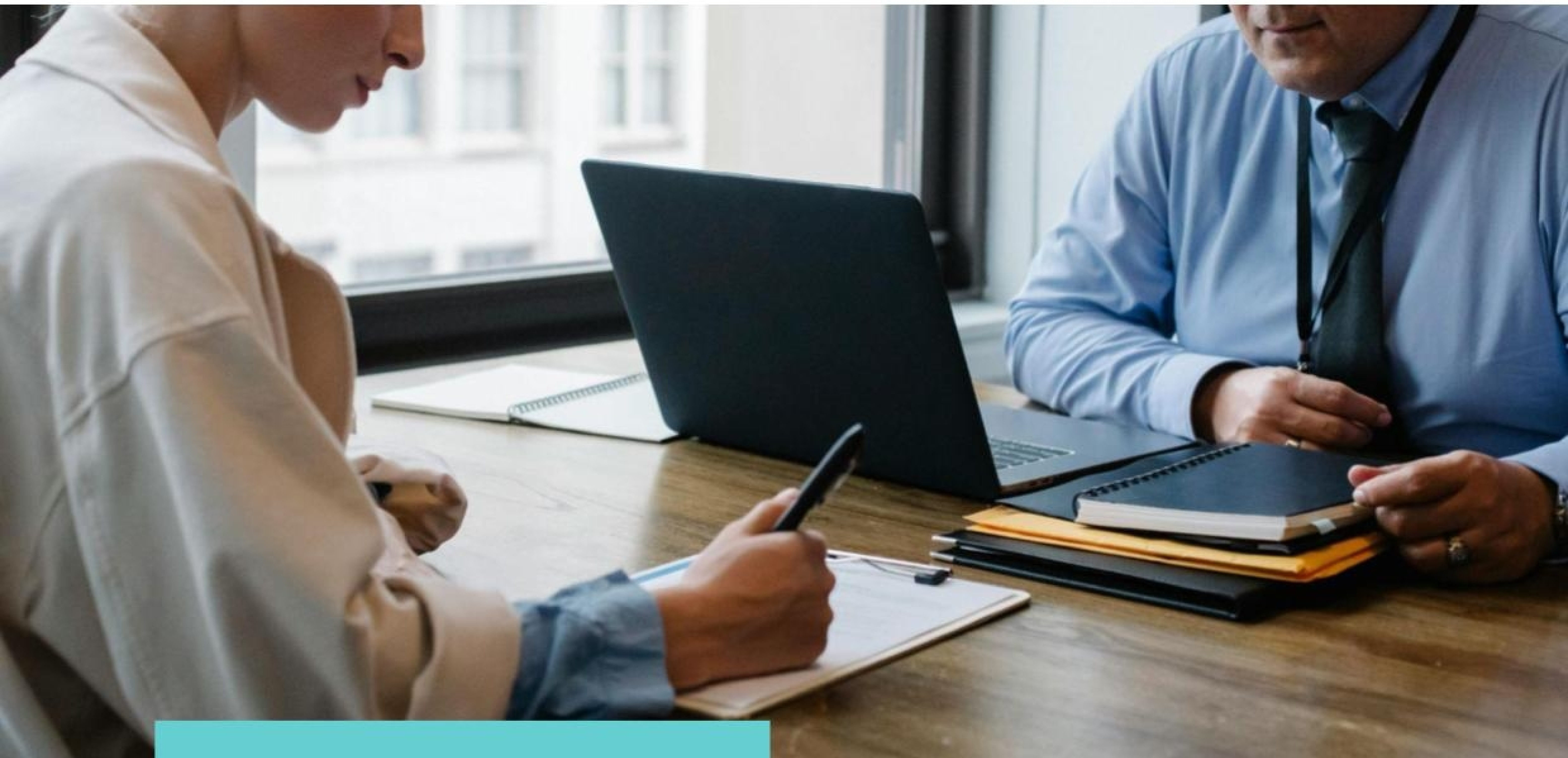




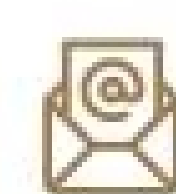
Sell My Business Guide

Putting You in the Driver Seat of Your Destiny

Our Mission

Promoting growth in Eastern North Carolina and beyond by connecting transitioning business owners with qualified, passionate buyers, facilitating successful sales, and enriching the communities we serve.

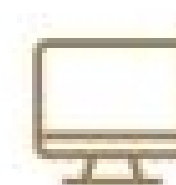
For a confidential consultation, contact our team, Transworld Business Advisors Eastern NC.



tkhoury@tworld.com



(252) 275-8026



sellmycompany.pro



Your Success is Our Success

Transworld Business Advisors is the largest and fastest growing Business Brokerage and merger & acquisition (M&A) company in the world, as we have over 400,000 qualified buyers in our system looking for good businesses to purchase, over 250 offices worldwide and over 6,000 active business listings each day.

We are a team of 12 that live, work, and play here in Eastern, NC. Although focused on Eastern North Carolina, we do engagements nationwide and internationally.

We help both buyers and sellers fulfill the American dream of business ownership.



Selling Your Business is Our Business.

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The Ultimate Seller Guide

As a professional business brokerage firm, our primary concern is confidentially selling your business, or helping you identify an acquisition opportunity.

We do the hard work of positioning and marketing the business, screening and qualifying the right buyers or sellers, and then guiding you through the sales or buying process, all while maintaining confidentiality until you are ready to disclose the sale or acquisition to employees, customers, and vendors.

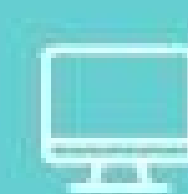
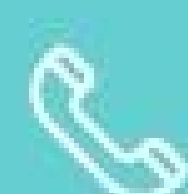
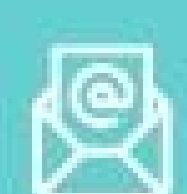
Confidentiality

How do I maintain confidentiality?

Confidentiality is vital in the business transaction process. Until the owner is ready to disclose the sale, no information about the business – the name, location, or other distinctive items, - is released until a buyer is vetted and signs a non-disclosure agreement (NDA) making it illegal to disclose confidential information about the business.

When should I tell my customers, employees and/or vendors that I'm selling?

Most business owners choose not to disclose the sale until later in the process to prevent potential disruption to the business. We can provide guidance on when to inform key individuals as the deal progresses.





How do you maintain confidentiality if you're listing the business on websites?

We do not disclose the name of the business and in most cases, the address on websites or online advertisements.

Are potential buyers required to maintain confidentiality?

We require all buyers interested in learning details about the business to sign a non-disclosure agreement (NDA) making it illegal to disclose confidential information about the business.

What if one of my competitors inquiries about my business? Are you going to provide my financials to them?

As part of maintaining confidentiality during the sales process, we will discuss any specific individuals or entities you prefer not to be notified about the potential sale of your business.

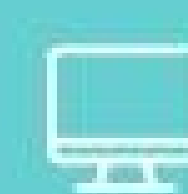
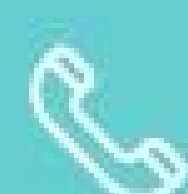
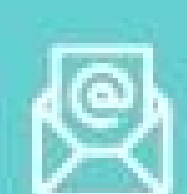
Clean Financials

What is meant by "clean financials?"

In the world of business, having "clean financials" refers to financial records that are well-maintained and up-to-date. There are four key characteristics of clean financials:

Accuracy: The information in the books needs to be factually correct. This means there are no errors or mistakes in the recorded income, expenses, assets, or liabilities.

Timeliness: The books should be updated regularly, reflecting the most recent financial activity of the business. Ideally, this is done at least monthly, but some businesses may need more frequent updates.





Organization: Clean books are easy to understand and navigate. This means they are well-organized and categorized in a way that makes sense for the business and allows for easy retrieval of information.

Co-Mingling of Accounts: It's imperative that there's no co-mingling of accounts, meaning that the funds from a business should be maintained in accounts that are separate from personal funds or funds from another business.

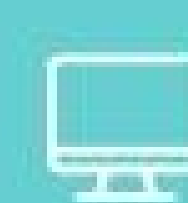
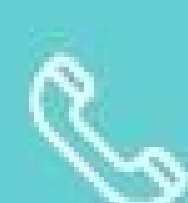
Clean financials are essential for a healthy business because they provide a clear picture of the company's financial health. This information is crucial for making informed decisions about the business and for interactions with external parties such as:

Business broker: In order to correctly value your business, as well as market it, brokers will need to have a clear understanding of the financial statements.

Buyers: If you're looking to sell, potential buyers will want to see clean books to assess the financial viability of your business.

Lenders: When applying for a loan, lenders will require clean books to determine your credit worthiness.

Tax authorities: Accurate financial records are essential for filing your taxes correctly and avoiding any penalties.





How do I “clean” financial statements?

To ensure “clean” financial statements and to facilitate a smoother business sale, involving a qualified accountant to prepare and review financial statements is highly recommended. This enhances the credibility and reliability of your financial picture for potential buyers.

What financials do I have to provide to you?

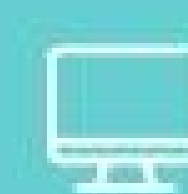
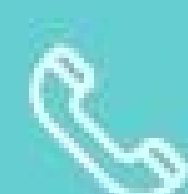
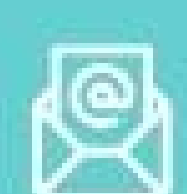
Typically, when speaking of “financials” it refers to the businesses’ income statements, balance sheets, tax returns, and accounts payables and accounts receivable records for the prior three years.

Who will see my financials?

To ensure confidentiality, information about this sale is only shared with those directly involved and potential buyers who sign a non-disclosure agreement (NDA) and have been properly vetted.

We have some personal vehicles in the business, what do we do about those?

A clear distinction can be drawn between personal and business assets. Items intended for personal use should be excluded from the business transaction through prior designation.





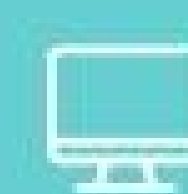
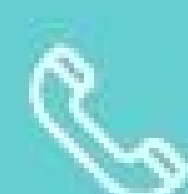
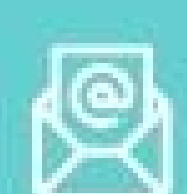
We received Paycheck Protection Program (PPP) loans or Economic Injury Disaster Loan (EIDL) money, do we need to pay that back?

PPP Loans (the full principal amount and any accrued interest) may be fully forgiven. Prior to selling the business, proof will need to be provided to a buyer that the PPP loan has either been forgiven or paid off. An EIDL cannot be forgiven therefore its associated debt must be accounted for in the sales process.

Key Employee

I want to ensure the long-term care of a key employee. What can I do to ensure this?

While the new owner ultimately decides the future of the workforce, retaining key employees is crucial for continued success. New owners often recognize the value of the existing team and actively work to keep them on board. Former owner's guidance can be valuable during this transition, and strategies like retention bonuses and employment contracts can incentivize key talent to stay.





Working Capital

What is working capital?

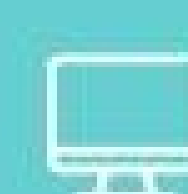
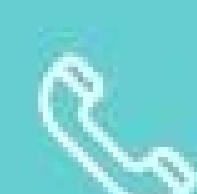
Working capital in a business sale refers to the amount of a company's short-term assets that are available to cover its short-term liabilities at the time of the sale. It is a key financial metric used to evaluate the liquidity and operational efficiency of the business. When selling a business, working capital is often a crucial component of the transaction, as it ensures that the business can continue to operate smoothly and meet its immediate financial obligations.

Role of Working Capital in a Business Sale

Valuation: Working capital is a critical factor in determining the value of the business. Buyers need to know that the business has enough liquidity to continue operations without immediate financial strain.

Negotiations: The level of working capital is often a point of negotiation. Sellers may need to leave a certain level of working capital in the business as part of the sale agreement.

Adjustments: In some transactions, a working capital adjustment may be included in the sale agreement. This ensures that the buyer receives a business with the agreed-upon level of working capital at closing. If the working capital at closing is different from the target amount, the purchase price may be adjusted accordingly.





Due Diligence: Buyers will conduct due diligence to verify the working capital levels and assess whether the business has sufficient resources to cover its short-term liabilities and operational needs.

Operational Continuity: Ensuring an adequate level of working capital helps maintain operational continuity post-sale, reducing the risk for the buyer.

Considerations for Working Capital in a Sale

Target Working Capital: Establishing a target working capital amount based on historical data and industry norms.

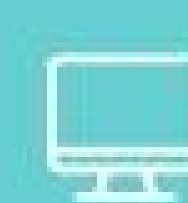
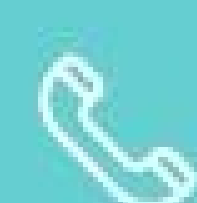
Seasonal Variations: Accounting for seasonal fluctuations in working capital needs, particularly for businesses with cyclical sales patterns.

Exclusions: Identifying any unusual or non-operating items that should be excluded from the working capital calculation.

Transition Period: Ensuring a smooth transition of working capital management from seller to buyer.

Why is Working Capital Important?

Working capital is a vital aspect of a business sale that affects valuation, negotiations, and the overall financial health of the business being sold. Properly managing and presenting working capital can significantly impact the success of the transaction.





Who provides the working capital?

For “mainstreet” businesses (revenue of less than \$1M/year), typically working capital will be included in the business loan – either as a line of credit (LOC) with the lender or a defined amount added to the loan. For larger businesses, the expectation is that the owner will leave a sufficient amount of working capital in the business at the point of sell.

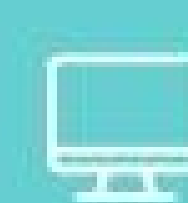
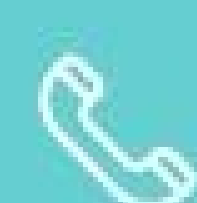
Understand the Value of Your Assets

How does the amount of physical assets such as tools, equipment and vehicles impact the value of my business?

The amount and type of physical assets your business owns can impact its value, but the effect can be positive or negative depending on the context. Here's a breakdown of how it influences business valuation:

Positive Impact:

Essential Assets: If your business relies heavily on specialized tools, equipment, or vehicles to function, keeping them in good condition and sufficient quantity demonstrates a turnkey operation. This means a new owner can step in and continue operations without needing significant additional investment in equipment. This can be attractive to buyers and increase the value.





Well-maintained Assets: Assets that are well-maintained and up-to-date show the business has been invested in and cared for. This can improve buyer confidence and potentially lead to a higher valuation.

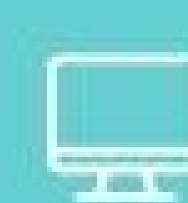
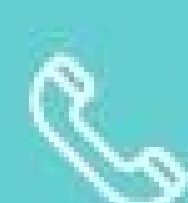
Owned vs Leased Assets: Owning essential equipment, especially if it's specialized, can be seen as an advantage compared to leasing. It gives the business more control and avoids ongoing lease payments.

Negative Impact:

Overabundance of Assets: Having an excessive amount of equipment or vehicles, especially if some are underutilized, can be a red flag to potential buyers. It might indicate inefficiency or a lack of proper management. It also increases storage and maintenance costs.

Obsolete Assets: Outdated equipment that is nearing the end of its useful life can be a burden for a new owner. The buyer might need to factor in replacement costs, which could decrease the offered price.

Specialized Assets: Highly specialized equipment or vehicles can be a double-edged sword. While they might be essential for your business, they might limit the pool of potential buyers if they can't be easily used in other businesses.





Here are some additional factors to consider:

Industry: The impact of physical assets can vary depending on the industry. For example, a manufacturing company relies heavily on its equipment, while a professional services company might not.

Condition of Assets: The age, functionality, and overall condition of the assets significantly affect their value.

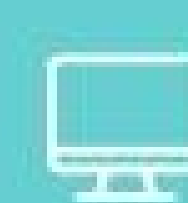
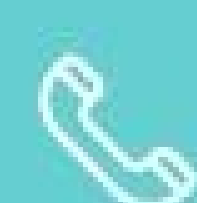
Equipment included in the sale: It is assumed that all assets that are required to continue the operation of the business will transfer with the sale.

Equipment Value: Typically, an estimated market value of the equipment will be used. However, if required, a formal appraisal can be completed.

Overall, the key is to have the right amount of the right assets in good condition for your business operations. An excessive amount, outdated equipment, or overly specialized tools can be a drag on valuation.

Understand the Value of Your Inventory

Inventory plays a significant role in the valuation of your business, but its impact can be good or bad. Here's how inventory levels can affect your business value:





Positive Impact:

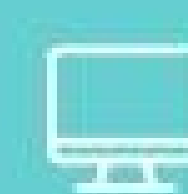
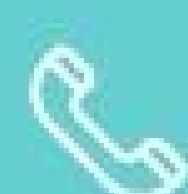
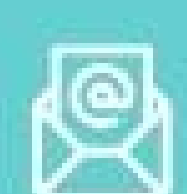
Adequate Inventory: Having enough inventory to meet customer demand is crucial. A sufficient stock ensures smooth operations and avoids stockouts that can lead to lost sales and customer dissatisfaction. This can be seen as a positive for the business and potentially increase its value.

Favorable Inventory Turnover: Inventory turnover ratio measures how efficiently your business sells and replaces its inventory. A healthy turnover rate indicates strong demand for your products and efficient management of stock. This can be attractive to buyers and potentially lead to a higher valuation.

High-Value Inventory: If your inventory consists of items with high margins or those that are in high demand and difficult to obtain, it can be seen as an asset. This type of inventory can add value to the business.

Negative Impact:

Excess Inventory: Having an excessive amount of inventory can be a major turnoff for potential buyers. It ties up valuable capital that could be used for other purposes, like marketing or expansion. Excess inventory also incurs storage and management costs, further reducing profitability.





Obsolete or Slow-Moving Inventory: Inventory that is outdated, damaged, or not selling well is a liability. A new owner will likely need to discount or dispose of this inventory, which reduces the overall value of the business.

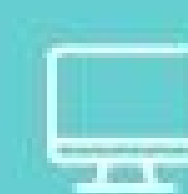
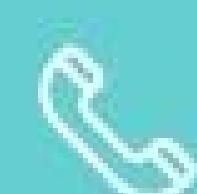
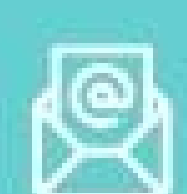
Unpredictable Demand: If your business has highly seasonal or unpredictable demand for products, it can be challenging to maintain optimal inventory levels. This can lead to either stockouts or excess inventory, both of which can negatively impact valuation.

Here are some additional factors to consider:

Industry: The impact of inventory levels can vary depending on the industry. For example, a retail store will typically have a higher inventory turnover rate compared to a manufacturer of custom furniture.

Cost of Inventory: The cost of holding inventory can vary depending on the type of product. Perishable items or those with high storage requirements will have a greater impact on cash flow than non-perishable items with a long shelf life.

In conclusion, having a well-managed inventory with the right amount of the right products is essential for a healthy business and a positive valuation. Excessive, outdated, or slow-moving inventory can be a financial burden and decrease the value of your business in the eyes of potential buyers.





Real Estate

I currently own the real estate but want to keep it.

Can I just sell the business?

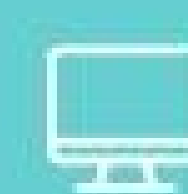
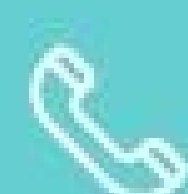
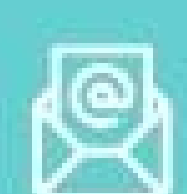
If you own the real estate, as part of the pre-screening and valuation of the business, we will evaluate the possible options for its use and provide recommendations. Regardless of the recommendations, retaining ownership of the real estate is always an option, and may be the preferred option of the buyer. With leasing, businesses benefit from fixed monthly costs and the absence of major maintenance or repair responsibilities. Leasing also offers the advantage of access to prime or strategic locations that may be too expensive to purchase.

How does the lease agreement of my space affect the sale?

If present, the lease is an integral part of the business sale process. Dealing with the landlord or transferring the lease can be one of the two biggest deal killers when selling your business, the other being your financials. That's why it pays –literally and figuratively — to handle the assignment or transfer of your lease properly.

Working With a Business Broker

A business broker can be a valuable asset in successfully completing a business sale. Here's how they can contribute to a smooth and potentially more profitable transaction:





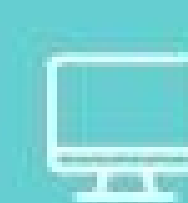
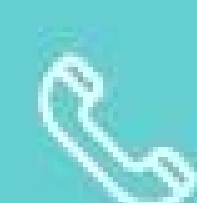
Confidentiality: As previously discussed, maintaining confidentiality during a sale is important. A broker can manage the sales process discreetly, keeping your business operations and the potential sale under wraps until a deal is finalized.

Valuation Expertise: Business brokers can help you accurately determine the most probable selling price of your business. This is crucial to avoid undervaluing your company or pricing yourself out of the market.

Marketing and Negotiation: Brokers are skilled at marketing your business to potential buyers in a way that highlights its strengths and attracts the right kind of interest. They can also handle negotiations on your behalf to ensure you get the best possible price and terms.

Finding Qualified Buyers: A good broker has a network of pre-vetted potential buyers looking for businesses like yours. This can significantly expand the pool of interested parties compared to trying to find buyers yourself. Good brokers will also screen the buyers to determine if they are qualified financially and will be a good fit for your business.

Due Diligence: The due diligence process, where potential buyers examine your business in detail, can be complex and time-consuming. A broker can help you prepare for this process and manage the flow of information to potential buyers.





Streamlined Process: Selling a business involves a lot of paperwork and legal steps. A broker can handle the administrative burden, freeing you to focus on running your business until the sale is complete.

Emotional Detachment: Selling a business can be an emotional process. A broker can act as an objective intermediary, helping you navigate the sale with a clear head and focus on achieving your goals.

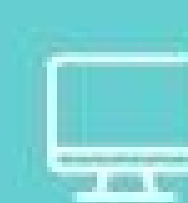
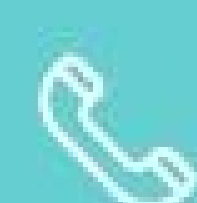
Here are some additional benefits of using a business broker:

Access to Expertise: Brokers have experience in dealing with various business types and market conditions. They can provide valuable insights and guidance throughout the sales process.

Reduced Stress: Selling a business can be stressful. A broker can take care of many of the details, allowing you to focus on other aspects of your life.

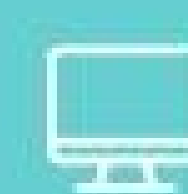
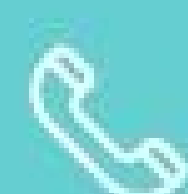
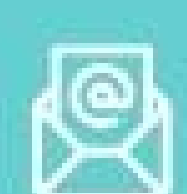
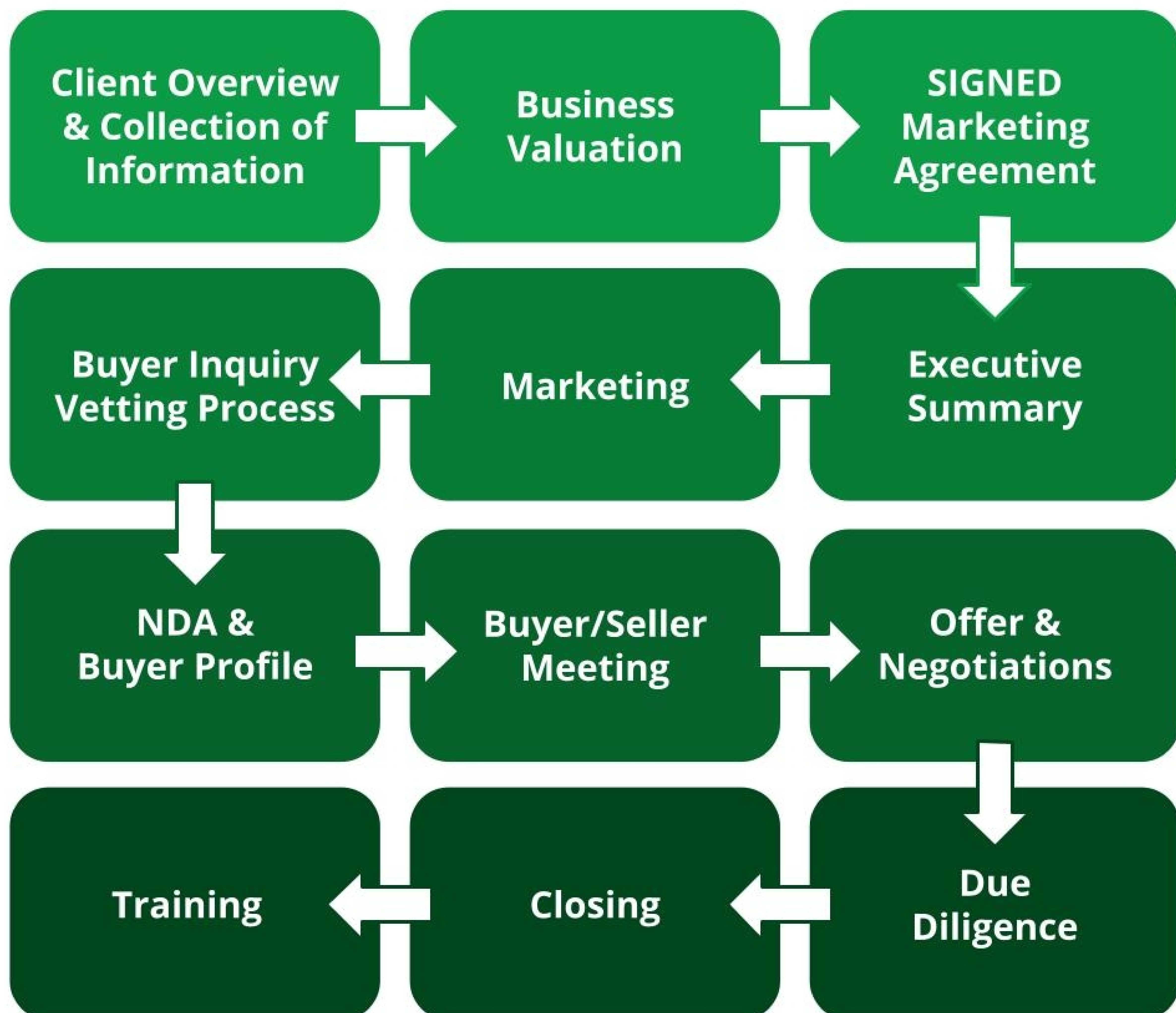
Increased Success Rate: Statistics suggest that businesses sold through brokers tend to command higher prices and close deals faster compared to those sold by owners themselves.

Ultimately, the decision of whether or not to use a business broker depends on your individual circumstances and needs. If you're looking for a smooth, efficient, and potentially more profitable sale, then a qualified broker can be a valuable asset.





“Following a tried and true process is crucial. It’s the proven roadmap for success. Minimizes risks and increases the likelihood of achieving desired outcomes.”





Transworld Business Advisors – Eastern NC

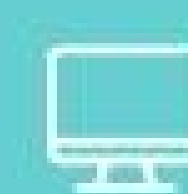
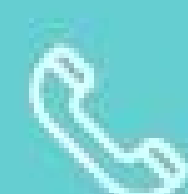
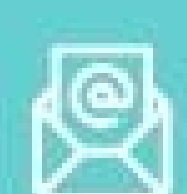
“Our success isn't about closing deals; it's about understanding our clients on a personal level—their business, their goals, their aspirations, and the legacy they've built.”

Is it time to transition your business? If you are thinking about your exit, Transworld Business Advisors of Eastern NC can help guide you through the process from start to finish. Give us a call at (252) 275-8026 to find out how we can help with your business transition needs.



Schedule a Consult
(252) 275-8026

to find out how we can help with
your business advisory needs.



Schedule A Confidential Consultation



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