

Accelerate the sale of your **business**

BEST PRICE

MINIMUM TIME

CONFIDENTIALTY



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This is **the best**
in the **business**

BEST PRICE

MINIMUM TIME

CONFIDENTIALTY

These words summarise the requirements of a business seller - **no matter what the business size - no matter what the business sector.**

It's a requirement that never changes.

SO WHY DOES THIS HAPPEN SO RARELY?

Too many business owners underestimate the selling process and fail to provide potential buyers with the best possible representation of their business.

As a result, the sales process takes longer and the price is lower.

So how can you make sure your business is sold for the best possible price and in the shortest time?

Simple - In fact, it's as easy as reading this document.



DECISIONS, DECISIONS, DECISIONS

As you know selling a business is one of the most important decisions a person can ever make.

There's also every chance it will be one of the largest transactions you will ever negotiate in your life.

That's why your decision warrants nothing but the very best in planning, attention to detail and professional consultation.

That's where we can help.



We use "Online Business Agent" which is a comprehensive business selling system perfected over 25 years by Performance Business Sales enabling us to sell your business in the shortest possible timeframe.

ALL YOUR QUESTIONS ANSWERED

Knowing exactly when to sell is a problem encountered by many of our clients.

Our advice is – "The best time to obtain a premium price for any business is when it is travelling well and the future looks great".

If you're serious about selling, never put it off simply because your business may be riding on a crest of prosperity. Remember, today's business buyers are more astute and more demanding than ever before and they'll want to ride that prosperity themselves. Instead of gambling on potential, they'll want a "sure thing" – or at least as near as they can get.

So, once you've made your decision to sell, it's vitally important to act...

...Right NOW.



REPORTING FOR BUSINESS

From the information you provide, we will arrange the preparation of a full-colour Business Report which will highlight your business's features and benefits to the buyer. Our business reports are often 60 pages or more of detailed information outlining the operational and financial aspects of the business.

All this information is held in the strictness of confidence, with **all prospective buyers signing a legal deed of non-disclosure (a Confidentiality Agreement)** before any identifying information is provided.

The provision of this report minimises any disruption to your business during the selling process.

Included in the report is a restatement and analysis of your taxation accounts. The objective here is to maximise your adjusted before-tax net profit in an appropriate manner to help negotiate the highest price for your business.

The report also serves to educate target buyers about your business before they are introduced to you. In this way, direct contact with the purchaser is kept to an absolute minimum.

More importantly, the report is designed to provide a framework for communications between the buyer, their accountant and financial adviser about your business.

It will emphasise your strengths and put any weaknesses, perceived or otherwise, in their proper perspective.





SOFTLY, SOFTLY

Our Online Business Agent system gives us a clear edge over our competitors.

It also gives us access to a large number of qualified buyers who we know will suit your business.

Shouting from the rooftop, however, is far from our style. Instead our normal practice is to first determine the prospective buyer's level of interest without revealing your business's identity.

This "softly, softly" approach avoids bargain hunters; helps minimise disruption and maintains the highest level of security.

As previously mentioned, our team of Brokers use a unique and proven computer-based system that allows us to complete business sales in the fastest possible time – often within weeks of completing the business marketing report.

It is only when a buyer shows an appropriate level of interest that serious negotiations begin.

Our "Buyer Profile Questionnaire" that genuine buyers complete when they visit our website.



<http://www.pbsbusiness.com.au/Buy-A-Business/Personalised-Business-Search>

When viewing the complete buyer online form on our website you will see a buyer is asked to provide a substantial amount of information which not only accurately cross matches their specific requirements with your business but also qualifies them as serious prospective buyers.



Our pseudo **auctions**

And what, you ask, is a “Pseudo Auction”?

Quite simply, it's a unique marketing approach that will help you achieve the best possible price.



Our challenge is to initiate personalised negotiations with several highly pre-qualified individual buyers at the same time. This usually results in a number of agreements to purchase being submitted to you simultaneously. (As previously mentioned, all buyers must sign a legal deed of confidentiality before we release any information on your business).

As a result, guesswork and hit-or-miss negotiations are replaced with a systematic approach that ensures a remarkably rewarding deal.

The result - Competition is created for your business via our extensive and strong buyer database...

...and you get the highest price in the shortest time.

It's that easy.



A GOOD MEETING IS A SHORT MEETING

As business people ourselves, we know just how precious your time is which is why we never waste one minute of it.

Instead, we pre-qualify the buyer's financial position and begin negotiations before we arrange for you to meet.

We also spend many hours presenting your business so the buyer's preliminary expectations are exactly in line with the offerings you make.

Should negotiations look like slowing down, we speed them up and, as for potential stalemates, our long-term experience helps us to prevent them from happening in the first place.

Time, after all, is money.

NO SALE, **NO COMMISSION**

Thankfully, we rarely (if ever) have cause to honour this particular guarantee.

The sales commission is only payable on the successful settlement of the sale of your business.

If your business is not sold, no selling commission is paid.

Regardless, we honestly believe owners involved in a sale fostered by us will ultimately receive a higher price for their business.





AN UPFRONT FEE

Depending on your business industry sector you have the choice of either a retail or non-retail report. To help negate the upfront report cost we deduct the full cost of the report from our selling commission on settlement date.

The cost for producing the highly-detailed report is as follows:

Net Profit Level	Report Fee
\$175,000 - \$300,000	\$4,950 + GST
\$301,000 - \$500,000	\$5,500 + GST
\$501,000 - \$750,000	\$6,000 + GST
\$750,001 - \$1,000,000	\$6,500 + GST
Over \$1,000,000	\$7,000 + GST

Commercial rates for production of business reports of this nature can be in excess of \$8,000 however we pass on to you the special discounted rates mentioned above providing we sell your business.










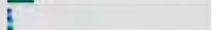

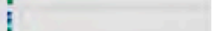

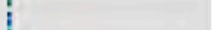

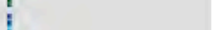

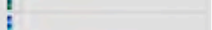

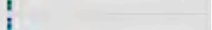

This factual and professional report is consulted many times during the selling process and is a proven tool in convincing the purchaser's accountant, financier, family or any other party involved in the decision-making process.

EXPOSURE WORLD WIDE

Our state-of-the-art website is currently attracting enquiries from Western Australia, the Eastern States and all over the world.

Below is an example of a typical month high volume buyer enquiry from our website – <http://www.pbsbusiness.com.au/>

PBS WEBSITE ANALYSIS – note this data reflects one month only

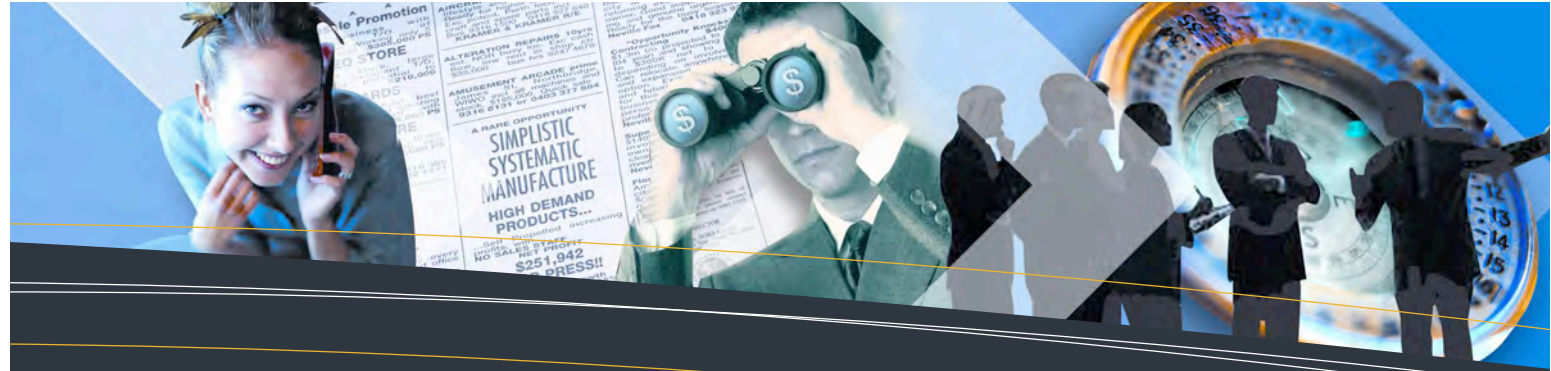
Domains/Countries		Pages	Hits	Bandwidth	
 Australia	au	47469	186900	2.56 GB	
 Unknown	ip	11467	45191	665.66 MB	
 Network	net	3785	14735	216.69 MB	
 Commercial	com	2929	9519	144.96 MB	
 South Africa	za	370	1457	24.13 MB	
 New Zealand	nz	155	720	12.22 MB	
 Netherlands	nl	137	326	5.76 MB	
 Germany	de	115	179	3.95 MB	
 United Kingdom	uk	114	400	6.06 MB	
 India	in	113	741	11.50 MB	
Others		778	3835	55.70 MB	

Rated as the best business broking websites by our clients for just \$650 (plus GST) we offer you;

- A non-identifying advertisement on the highly-ranked Performance Business Sales website.
- Additionally, as a bonus we also list your business on three other highly ranked websites –SEEK Business.com.au, Anybusiness.com.au and Bsale.com.au that will further drive enquiry to your business.

The website advertisements are a filtered version of our full report and are an essential marketing tool in advancing qualified local, interstate and overseas buyers to the next stage to sign a confidentiality agreement.

Continued over...



In all cases advertising your business – **confidentiality is our primary concern**. Internet advertising is worded in a way that whets the appetite of potential buyers without disclosing sensitive identifying information. We give you the option to approve any advertising copy before being sent to our web sites.

Click here to see an example of a typical internet advertisement...

<https://www.pbsbusiness.com.au/business/the-holy-grail-of-covid19-arguably-the-best-south-west-distribution-business-for-sale/>

This is yet another example of how we, by using the Performance Business Sales system, can attract highly qualified interested buyers in your business.

The screenshot shows the Performance Business Sales website. At the top, there is a navigation bar with the company logo and name, 'Performance Business Sales', and a 'My Favourites (0)' link. Below the navigation bar are several menu items: 'Buy A Business', 'Sell A Business', 'About Us', 'Become A Broker', and 'Contact Us', along with a phone icon and the number '+ 61 8 9429 8882'. The main content area features a large search box with the heading 'Find a Business'. Inside the search box, there are four dropdown menus: 'Select Industry', 'Select Location', 'Price', and 'Profit'. To the right of these dropdowns are three buttons: a red 'SEARCH' button, a grey 'ADVANCED SEARCH >' button, and a dark grey 'RESET' button. At the bottom of the search area, there is a paragraph of text: 'Performance Business Sales are experienced business brokers specialising in the sale and acquisition of Commercial & Industrial Businesses - Wholesale, Distribution, Import/Export, Manufacturing, Service, Transport, Medical, Large Retail & a range of other business opportunities.' Below this text are three small circular icons.

HOW LONG WILL MY BUSINESS TAKE TO SELL?

There are a number of factors that can influence whether a business sells quickly or not. Such as;

- Being the perfect match for one or several of our buyers – if there is immediate competition for a business it will sell very quickly.
- Economic conditions at the time.
- How the business is traveling prior to and while it is on the market.
- Volume of forward work on the books.
- A good management structure.
- Etc.



COMPETITION CREATES WEALTH

The establishment of a detailed business report confirming your values and goals dictates our approach to prospective buyers.

Armed with this information, we can deliver a focused and highly informative approach to the market to multiple selected buyers on our database. This competition-creating approach is, in our experience, far more lucrative than the alternative method of contacting potential buyers individually.

Our preference involves the filtering of our comprehensive computer database of financially qualified buyers that are **accurately cross-matched** with your business type, price and net profit. The database originates partly from our proprietary records and has been custom-developed to meet the specific needs of our business marketing program.

Moreover, the search for niche buyers can either be limited to local or interstate prospects, or broadened to include overseas buyers.



FREQUENTLY ASKED QUESTIONS

Why sell?

Businesses are placed on the market for a variety of reasons. Some of the most common reasons are:

- **To unlock the wealth in the business**
- **The owner wants to tackle a new business venture**
- **The owner wishes to retire**
- **The owner has become stale and wants a change**
- **Matrimonial or partnership settlement**
- **The owner is in poor health**
- **Financial pressure**

Should I Sell Now?

Generally, the market is normally short of good-quality businesses and, while the current situation continues, owners should achieve a good price and be able to sell reasonably quickly.

The opportunity to achieve the **best price** has often been lost by owners waiting too long. If your enthusiasm for your business is fading, it would be wise to sell before it impacts on the performance of your business.


It is a good idea for vendors to stand back and contemplate for a moment what opportunities would open up if they now sold their business. The knowledge and experience gained in your last business can be used to make your next one even more successful.



THE FIRST STEP...

One of the first steps to take is to consult a reputable business broker - one who has the technical qualifications, and experience in the market to be able to advise you competently.

- Ask how he/she intends to market your business.
- Ask the broker to show you a copy of a previous business report they have completed on a recent sold business. The broker's skill and dedication can be measured by his/her effort in producing a highly-detailed report which acts as a silent salesman to convince not only the buyer but also the buyers accountant and financier.
- Ask your broker what past sales successes he/she has had, and which businesses like yours he/she has been involved in selling. Every sector has its own peculiarities that a broker must understand, and there is no substitute for experience gained in the marketplace.
- It is vital to check the brokers internet advertisements on their website as this is the main source of generating fresh buyer enquiry. The advertisement needs to have marketing sizzle to attract buyers without identifying your business and breaching confidentiality.
- Ask the broker for a copy of their confidentiality agreement. If it does not have provision for the business name, it is most likely not enforceable. Most confidentiality agreements are generic and extremely weak. The utmost care must be taken to protect **confidentiality** in marketing the business. This avoids potential damage to relationships that can arise from staff, customers, suppliers or competitors knowing that your business is for sale. Performance Business Sales achieves this by having all buyers sign a three-page **legal confidentiality agreement**.

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- A photograph showing several people in business attire sitting around a table, looking at documents and laptops, suggesting a meeting or negotiation.
- Above all, be aware of the broker who will attempt to gain the listing by suggesting an inflated and unrealistic price and then blaming market influences for not achieving that result.

The ability to qualify buyers successfully can only come with experience. The art of successful business broking is finding "the right buyer" for each business.

WHY NOT SELL THE BUSINESS MYSELF?

Some business owners attempt to sell their business themselves and they soon find that the sale of a business is extremely difficult to accomplish without an experienced specialist business broker. They usually find that the frustration, expense and time involved do not yield cost savings. The seller generally doesn't know how to properly price the business or present the business in the best light from a buyer's perspective.

Since the seller does not have access to past sales evidence or a large number of qualified buyers, many owners end up selling their businesses for much less than they could have by working through a professional business broker. Just as important as price, the seller is usually unable to efficiently hide the fact that the business is for sale from employees, customers and the competition. It is also a proven fact that a better result is achieved for the seller when at arms length and negotiations are undertaken by a third party – the specialist business broker.



WHAT DICTATES THE SALE PRICE?

There are many factors which dictate the sale price of a business. These include:

- Type of business - some sectors are seen as more desirable than others
- Profit level
- Staff numbers
- Working capital level
- Quality of current and future earnings. Obviously, an upward trend is more desirable
- Barriers to entry that limit or prevent competitive activity
- Attitude, quality and length of service of staff and management
- Degree of difficulty to manage
- Rate of change of technology in the sector
- Reasons for sale
- State of the economy



HOW THE PRICE IS ESTABLISHED

A business is worth what a buyer is willing to pay for it. However, several factors come into consideration.

To appraise the value of a business is a complex issue. Regardless of the number of sophisticated valuation techniques, there is still no substitute for the expertise of an experienced business broking company which has historical sales evidence in your market sector.

There is a variety of techniques which can be used to determine a fair value for a business. The widely-accepted method is to value the business based on the return on the capital invested in the particular business.

A range of rates of return on investment (ROI) for specific industries is published on a regular basis. It is compiled from actual reported business sales and is calculated as a return to a single owner operator, divided by the purchase price X 100 and expressed as a percentage.

$$\frac{\text{(Profit) } \$500,000 \times 100}{\text{(ROI \%)} 33} = \$1,515,000 \text{ (Gross Selling Price)}$$

The range is often wide as it relates to a mixture of sales from poor/low profit businesses to high-quality businesses.

The low end of the return % range reflects better quality businesses, which can be influenced by buyer demand and growth trends, profit level, location, trading hours/days, number of clients/suppliers, staff levels, ease of operation, potential to increase profits. All of these components reflect a lower or higher risk and thus influence the *Return On Investment rate* for the particular business under review.

Performance Business Sales is in touch with the market on a daily basis and therefore is in the best position to ascertain accurate price parameters for your business.



WILL I NEED TO RECAST MY FINANCIAL STATEMENTS?

Almost certainly... While recasting may appear to be an unnecessary effort, in fact recasting your financial statements will typically lead to a clearer, more favourable picture of the value of your business. Recasting will also help identify ways in which the value of your business can be maximised before it is placed on the market. Specifically, since most privately held businesses attempt to maximise expenses to reduce the amount of taxes paid, restating your income statements will probably make your business look more valuable and profitable to a potential buyer. It will show the actual true bottom-line adjusted net profit.

If you are like most owners of privately owned businesses, you have probably structured your business expenses to include both private and one-off expenditure items. For example, when your financial statements are recast, they will not include personal expenses such as travel, entertainment, private vehicles, or the salaries of relatives etc. that are not directly associated with the running of the business.

Also, by recasting the financial statements, your accountant will eliminate all extraordinary revenues and expenses such as one-off transactions or expenses. These items may have been included in your statements in order to minimise taxes, or they may be related to ventures outside the scope of the core business you are selling, such as share trading, property ventures etc.

To correctly calculate one-off or private expenditure items, it is ideal to compare each expense amount over the past two or three years. Buyers or their accountants will most likely question variances in expenses from year to year.

An example of how a business should present its adjusted profit position is reflected overleaf...

A typical example of a non-recurring expenditure or Add Back Schedule...

NON-RECURRING EXPENSES - ADD BACK SCHEDULE - ABC Pty Ltd			
Financial Year Ended	2016	2015	2014
	\$	\$	\$
BORROWING COSTS (as per Profit & Loss)	564	663	0
No ongoing, relates to vendors own financial			
ADD BACK	564	663	0
DEPRECIATION (as per Profit & Loss)	128,099	141,402	162,340
Non-cash item			
ADD BACK	128,099	141,402	162,340
DONATIONS (as per Profit & Loss)	1,466	1,304	1,407
Not ongoing, optional			
ADD BACK	1,466	1,304	1,407
HP CHARGES (as per Profit & Loss)	42,551	45,635	55,942
Not ongoing, will be paid out			
ADD BACK	42,551	45,635	55,942
INTEREST PAID (as per Profit & Loss)	0	142	0
Relates to vendors own finances			
ADD BACK	0	142	0
SUPER CONTRIBUTION – PRINCIPALS	360	11,520	19,080
Relates to vendor's superannuation			
ADD BACK	360	11,520	19,080
WAGES (as per Profit & Loss)	570,773	687,716	739,106
Relates to vendors own wages/salary			
ADD BACK	4,000	92,000	213,568
TOTAL ADD BACKS	\$234,382	\$340,645	\$488,587



Besides recasting my financial statements, what else do I need to do to get ready for a sale?

You need to do everything practical to make your business more desirable to buyers. Your goal will be to address all business problems so that a potential buyer will see a business that is easy to operate and virtually runs itself.

For example:

- Wherever possible, secure and document long-term contracts with key customers and suppliers
- Secure long-term contracts with key employees
- Develop a management team that is available to stay in place after a change of ownership
- Develop and document policies and procedures manual
- Resolve business conflicts including pending or potential litigation, large accounts payables or receivables, labour issues, management conflicts, and operational problems
- Secure intellectual property such as patents, trademarks and copyrights
- Document a complete inventory of your plant and equipment
- Separate ownership of real estate and equipment from your core business
- Complete the Performance Business Sales report questionnaire.



What are some common seller mistakes?

The two most common (and most damaging) seller mistakes occur when sellers decide to "save money" by trying to sell their business themselves or when sellers select non-specialist business brokers who lack the skills or resources to complete the sale swiftly and effectively.

Other mistakes we have frequently seen...

- The seller does not know the true value of their business or becomes emotionally committed to an unrealistic valuation.
- The broker does not have a well-documented report on the business and therefore cannot effectively "tell your business story" to prospective purchasers, their accountant and financial advisors.
- The broker and seller do not understand and respect the buyer's motives. For example, the seller may focus on past performance, while the buyer is concentrating on future growth and opportunities.
- The seller does not personally plan for the sale. Some advanced planning will allow the seller to maximise value received by preparing for personal tax and cash flow issues.
- **Talking to only one buyer.** The only way to be satisfied that a business was sold at top market value is through the generation of multiple buyers who represent different reasons to acquire the business, creating competition. You are at a disadvantage when there is only one potential buyer, because that single buyer can control the transaction-price negotiations, terms, and, finally, the definitive agreement.
- Clean up the premises and the plant. Remember, first impressions are lasting ones.



SO, THERE YOU HAVE IT!!

Qualified buyers, security and a quick sale at the best price.

Performance Business Sales leaves no stone unturned, there is simply no easier and financially rewarding way to sell your business.

In summary;

It is our firm belief that virtually every owner involved in a sale fostered by us, has ultimately received a higher price for their business than they would have without our service.



Achieving **perfection** means constantly improving **performance**

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