

How to Structure Your Business for Maximum Sales Value at Retirement

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Many entrepreneurs have amazing and highly profitable businesses. However, that doesn't necessarily translate into a business that can be sold to someone else. For example, a consultant that works alone has nothing to sell. In this case, "their expertise" is the entire business.

As you work hard to build your business, ensure that you're building it in a way that permits you to sell it at retirement.

If you currently own an un-sellable business, there may be things you can do to change that. It's wise to create a business that will sell for the best price in the future.

Take advantage of these strategies and structure your business so it's attractive to potential buyers in the future:

- 1. Ensure your skills aren't the only value in your business.** If you're the only income stream, you're drastically limiting your ability to sell your business. This may mean hiring others to provide value as well.
 - For example, if you're a consultant, build a business large enough to permit the hiring of other consultants.
- 2. Over time, attempt to remove yourself from the income producing activities.** Many business buyers are looking to purchase a company that allows them to create a full-time job for themselves. However, many other buyers would rather just be investors. ***They're looking for a business that can be run from afar, with minimal time demands.***
 - Making a million dollars a year with 60 hours of work per week isn't bad.

Accomplishing the same with 30 hours of work is much better. Keeping the other items in mind, how can you effectively reduce your workload?

- Imagine if you could only work 20 hours a week. What changes would you make to your business? What about 10 hours a week? How could you restructure it and still be profitable?

3. Project possible income. Potential buyers are interested in the amount of income they can expect to earn. Many businesses sell for multiples of the expected annual income. The exact factor varies, depending on the type of business.

- ***Keep in mind that anything that can be done to boost profitability will increase the sales price of your business.***

4. Consider your risk. Buyers also want to know how much risk is involved in earning that income. Is the business in a field with growing competition? How long have the most lucrative clients or customers been on board? How much debt is the business carrying?

- Consider what you can do to minimize the risks involved.

5. Assess the business's potential. What are the long-term prospects for your company? Is it a business that can grow in the future? Is there a limit? ***The more potential your business has, the more you can get for your company at the time of sale.***

6. Seek expert advice. Business brokers are generally willing to give advice for a small fee. After all, they stand to make a lot of money if you decide to use them in the future. Find a business broker with experience in your type of business and get advice on what potential buyers are looking for.

- A few hundred dollars spent here could mean thousands in profit later on.

With a little work, you might even find someone willing to help you for free.

Position yourself and your business for the future. ***With some planning, your seemingly un-sellable business could be worth a lot of money when you retire.*** Get some expert advice and structure your business and value-producing activities to make your company attractive to buyers. When it comes time to retire, you'll be glad you did!