



Scott Jones, CFP®, CLU, ChFC

scott@sjonesfin.com

Scott Jones Financial

5950 Fairview Road, Suite 402

Charlotte, NC 28210

www.sjonesfin.com

(704) 817-7324

Contact Us For A Complimentary Meeting

What Makes Your Business Attractive to Buyers?

Financial Planning Stock photos by Vecteezy

Building a business that's attractive to buyers is both a powerful way to pursue a successful future and a sign of its value. There's generally one trait that makes businesses most attractive to buyers: self-sufficiency without its owner.

Let's look at how a business' dependence on its owner made it worthless to buyers despite its other strengths, using a fictional but representative story.

Unbuyable BillBeau's

Bill Beauregard's exceptional sales abilities had turned his local business, BillBeau's Model Planes, into a tristate legend for model airplane hobbyists. Over 25 years, he had also expanded his commercial division, which supplied an international market of privately owned retail stores with parts, kits, and award-winning designs.

Bill always loved model planes, so working 90 hours a week never felt like work. But as he grew older, he wanted to focus less on running the business and more on the art of building planes again. So, he decided to start looking for a buyer.

Every model plane builder, from amateurs to competitive builders, knew BillBeau's. It had sponsored countless competitions and had been featured in numerous magazines. His local stores were always packed, and international buyers always bought in bulk. Despite his success, no one wanted to buy BillBeau's.

"I don't understand it," Bill told his newest advisor, an Exit Planner named Tom. "I worked hard, built a successful business . . . and everyone I approach says they're impressed with what I've done. But none of them will buy my business so I can retire."

“That’s just it,” said Tom. “Everyone knows that you did all of this and you’re still doing all this. What do you think will happen when you leave? Who’s going to run the show?”

“Isn’t that the buyer’s responsibility?” Bill asked.

“To a point,” said Tom. “But you’ve bought several businesses yourself. If you were told that you had to put in 90 hours a week for 25 years to make those businesses run well, would you have bought them?”

“No, of course not,” said Bill.

“So why would it be any different from the other side?” Tom asked.

Battling Unbuyability

A business that relies on its owner is usually unattractive to buyers unless the owner is willing to stay with the business after the sale. For buyers and owners, this is rarely a good fit. So, to make your business attractive to buyers—whether internal or external—it’s necessary to build a business that can run well without you.

This can be tough for business owners. After all, you built the business, so who else can do what you do?

Here are a few ways to address this conundrum.

Spread Your Talent

Though there may not be one person who can do what you do, there’s likely a team that can. This team is your next-level management team and it is a huge component of making your business buyable.

Next-level managers do more than take your business to the next level, which is important itself. They are also the foundation upon which a buyer builds interest in the business. A next-level management team includes the people who run the business after you’ve left it. They are, essentially, the people who make it OK for you to leave the business for top dollar.

In short, the most valuable business to a buyer is a business that doesn’t need its owner.

Focus on Your Passions

In addition to making your business more valuable to buyers, a next-level management team gives you more leeway to focus on your passions within the business. In Bill’s case, his passions were building model planes and selling. Though he was capable of running operations and finance, it wasn’t his favorite thing to do. In fact, his lack of interest in these areas contributed to how long it took him to build his business empire. If he had had next-level managers, it may have taken him fewer than 25 years to get where he was.

The dual benefit of next-level managers is that they can position you to focus on what you do best and encourage more business growth. This can give you more opportunities to not only find qualified buyers but also sell your business on your terms.

Don’t Taint the Marketplace

If you put your business on the market but then take it off without selling, you’re tainting the marketplace. This can make it more difficult to sell your business when you’re truly ready because potential buyers will wonder why it didn’t sell the first time. Bill was fortunate because he had only informally floated the idea of selling to potential buyers. But many business owners prepare for a formal sale, only to realize the business isn’t ready, thus tainting the marketplace.

Whether you plan to sell soon or much later in life, it's crucial to be sure that your business is ready to be sold. Jumping the gun can hurt your prospects.

We strive to help business owners identify and prioritize their objectives with respect to their businesses, their employees, and their families. If you have questions on this topic, we can help with more information or a referral to another experienced professional.

The information contained in this article is general in nature and is not legal, tax or financial advice. For information regarding your particular situation, contact an attorney or a tax or financial professional. The information in this newsletter is provided with the understanding that it does not render legal, accounting, tax or financial advice. In specific cases, clients should consult their legal, accounting, tax or financial professional. This article is not intended to give advice or to represent our firm as being qualified to give advice in all areas of professional services. Exit Planning is a discipline that typically requires the collaboration of multiple professional advisors. To the extent that our firm does not have the expertise required on a particular matter, we will always work closely with you to help you gain access to the resources and professional advice that you need.

This is an opt-in newsletter published by Business Enterprise Institute, Inc., and presented to you by our firm. We appreciate your interest.

Any examples provided are hypothetical and for illustrative purposes only. Examples include fictitious names and do not represent any particular person or entity.



Newsletter published by Business Enterprise Institute, Inc., and not associated with Scott Jones Financial. The information contained in this article is general in nature and is not legal, tax or financial advice. For information regarding your particular situation, contact an attorney or a tax or financial professional. The information in this newsletter is provided with the understanding that it does not render legal, accounting, tax or financial advice. In specific cases, clients should consult their legal, accounting, tax or financial professional. Any examples provided are hypothetical and for illustrative purposes only.

Scott Jones Financial | Visit Our Website!



Securities Offered Through Valmark Securities, Inc. Member FINRA, SIPC
Investment Advisory Services Offered Through Valmark Advisers, Inc. a SEC Registered Investment Advisor

130 Springside Drive, Suite 300 Akron, Ohio 44333-2431 | 1-800-765-5201.

Scott Jones Financial is a separate entity from Valmark Securities, Inc. and Valmark Advisers, Inc.

Business Enterprise Institute, Inc. is not affiliated with Valmark Securities, Inc. or Valmark Advisers, Inc.

Certified Financial Planner Board of Standards Center for Financial Planning, Inc. owns and licenses the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™, and CFP® (with plaque design) in the United States to Certified Financial Planner Board of Standards, Inc., which authorizes individuals who successfully complete the organization's initial and ongoing certification requirements to use the certification marks.

Scott Jones Financial | 5950 Fairview Rd., Ste. 402 | Charlotte, NC 28210 US

[Unsubscribe](#) | [Update Profile](#) | [Constant Contact Data Notice](#)



Try email marketing for free today!