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August 2017 - In This Issue:

**SYNOPSIS 1 TO 11 OF 66
OBSTACLES TO A SUCCESSFUL
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INDUSTRY KNOWLEDGE

**MAKING MEMORIES - MAKING A
DIFFERENCE**

WHAT IS MY BUSINESS WORTH

MAKING MEMORIES, MAKING A DIFFERENCE

On July 1st, I attended Joe's funeral. He lived next door for almost 20 years until he and his lovely wife Ruth moved to assisted living. Joe was 90, married almost 70 years. He was an orphan, adopted at age 5, was soft spoken, a good friend, a better man!

At the funeral, Joe's nephew spoke of how when he was growing up he and the neighborhood kids spent many hours/days at Joe's home. They were always welcome, hung out, played games, and made many fond memories.

He spoke of Joe making a difference in his life - by the

SYNOPSIS OF 1 TO 11 OF 66 OBSTACLES TO A SUCCESSFUL BUSINESS SALE

1) Business Owner's Failure to Plan for a Sale

This is definitely the #1 reason businesses don't sell. With at least 66 obstacles to a successful sale, if you don't spend adequate time and resources planning for a sale, it is not likely to be successful. This is the primary reason only about 20-25% of small businesses are ever sold.

2) Inadequate Seller's Discretionary Earnings (SDE)

Because buyers need to make a reasonable living after paying debt service on their acquisition, businesses with less than \$100,000 in SDE are not attractive to most buyers. In addition, they are next to impossible to finance through lenders.

3) Low or Inconsistent Gross Margins

If you're only making the easy sales and not pushing your margins to the max, it will not reflect well on your bottom line. Low or inconsistent gross margins are one of the primary reasons small business owners do not have sufficient earnings to have a saleable business.

4) Inadequate Marketing and Sales Efforts

Most small business owners are "stuck in a rut" as it relates to their sales and marketing efforts and have significant room for improvement. Implementing new ideas can significantly increase earnings and make a business with inadequate SDE saleable.

way he was treated, and the lessons learned from Joe about how to treat others. He said that he believed if we are the kind of person that makes memories and makes a difference, we have lived good lives.

Joe had a long and successful career as a Human Resource professional at what then was Cincinnati Gas & Electric, now Duke Energy. His family put together a book of the many awards Joe received - for his accomplishments while working and after he retired and volunteered. WOW! I knew he kept busy, but had no idea of all the things he was involved with - Chamber of Commerce, Children's Home, Small Business Administration, many others. He never spoke of them, just did things.

After the funeral service and after leaving a gathering at Joe's Grandson's home, my wife and I were heading home with she remembered Joe and Ruth's favorite restaurant. So, we stopped to raise a toast to Joe. We told the Owner that Joe had passed; he immediately told Chris, a waiter that waited on them all the time, that he had passed. Chris was devastated and was visibly upset. Both had stories to tell, memories they shared, and memories they will cherish.

My goal it to be more like Joe - to be someone that makes a difference. I trust anyone

5) Owners with Unrealistic Price Expectations

Overpriced businesses almost never sell and frequently result in an extremely painful process of realization for the business owner. What should be a joyous occasion often becomes the most stressful and emotional agony of an owner's life. It doesn't have to be that way, though. There is absolutely no good reason to attempt selling an overpriced business. Knowing the realistic value before deciding to sell is one of the most important planning steps.

6) Business Acquisitions that Cannot be Financed

Obstacles to successfully obtaining lender financing tend to parallel the obstacles to a successful sale. Since the financial crash in the fall of 2008, lending criteria has tightened considerably. In addition, SBA lenders have almost no interest in transactions below \$250,000 (which requires about \$100,000 in SDE).

7) Owners Unwilling to Provide Partial Financing

Subsequent to the financial crash of 2008, lenders almost always require some seller participation in business acquisitions. In the best of situations, your goal should be to limit your participation to about 10%.

8) Owners Who Cannot Afford to Sell

Understanding the realistic value of your business, the tax implications of a sale, and your own personal financial situation and goals are the keys to determining if you can afford to sell your business. All too often, business owners make that determination only after they have an offer on their business.

9) C-Corporation Tax Implications

The tax implications of an owner selling a C-Corporation business can be downright ugly. To minimize taxes, planning far in advance is a necessity.

10) Inadequate Record keeping / Accounting Systems / Financial Reports

reading this will share my goal and be like Joe.

WHAT IS MY BUSINESS WORTH

It will cost you absolutely nothing and there is no obligation in giving us a call or an email to request a simple valuation of your business. Relying on a professional that understands your industry is important. It is also wise to work with someone who is aware of current trends; and that is working with both buyers and sellers daily. This approach insures you plan for and receive the maximum return on the transfer of your business.

Although not unusual, poor record keeping is a very difficult obstacle to overcome. The key is to get things cleaned up before you try to sell the business.

11) Inadequate Second-Level Management

Buyers need to feel that customers can be retained after the seller departs. In addition, they want to know that employees can help deal with difficult issues in their own absence. Having qualified second-level management is a key benefit to selling your business and a major obstacle if they are not present.

INDUSTRY KNOWLEDGE & ACCESS TO BUYERS NATIONWIDE

Our presence as a Professional Business Broker is extended nationally as a result of being an affiliate of [BHarmony, LLC](#). We also bring decades of experience and functional expertise in all the popular market segments as a result. Nothing takes the place or value in that of experience.



We partner with our clients to deliver solutions that help solve their most complicated needs prior to, during, and at the conclusion of the selling process. Our services are designed specifically to help small/medium size businesses and at a small business price. We go beyond the norm to develop new insights, prepare, market and drive results in the sale, thus insuring you receive the most value at closing. [Learn More](#)

Next Issue

Numbers 12 - 22 of 66 Obstacles to a Successful Business Sale

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