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October 2018 - In This Issue:

**PREPARING TO SELL YOUR
BUSINESS - WRITING THE
BUYERS BUSINESS PLAN**

INDUSTRY KNOWLEDGE

THE 4TH QUARTER BEGINS

WHAT IS MY BUSINESS WORTH

THE 4TH QUARTER BEGINS

It's now the beginning of the 4th Quarter. It's likely too late to do a lot to influence what will happen during the rest of the year - what is in place will have to be enough. But it is a good time to look ahead and be aware of trends likely to continue or develop. A few thoughts...

1. Social Media - LinkedIn, Facebook, Twitter, Pinterest, Instagram, and many other search engines will likely grow as a means to communicate with customers, to remind them we exist, what we offer, to encourage them to contact us for goods and services. As business owners, are we equipped to effectively use Social Media? I'm not, which is why I use a service to get our name out there. Does it work? It's hard to know with certainty but I do see positives

WRITING THE BUYERS BUSINESS PLAN

Ultimately, to secure financing for an acquisition, the buyer of your business will be required to write a business plan. Although loan decisions are primarily driven by quantitative numbers regarding ratios between profitability and debt service requirements, to some extent lenders will judge the capabilities of the buyer based on qualitative aspects of the business plan submitted. The prospective buyer is at a severe disadvantage in trying to accomplish that task because they don't really have a great handle on all the information required in the component aspects that comprise a business plan.

Selling a business is never easy, and the less prepared the seller is, the more painful and time-consuming the process will be. Taking the time to write the buyer's business plan is an excellent step to help you mentally prepare for discussions with buyers. It will help identify issues and obstacles that must be addressed as well as identify all the key benefits and positive selling points of acquiring your business.

Increase the efficiency of the business sale process

Because most buyers' questions are already answered in the presentation of the plan, the documentation created in the business plan helps facilitate a much faster transaction. It enables you to spend much less time with buyers who would ultimately not be interested because the business plan provides enough information to enable them to determine their true level of interest. For those who do have serious interest after reading the business plan, the buyer meetings will be much more productive. With a pre-prepared business plan, it could be possible to expect to receive an offer after one meeting with a buyer.

Reduce the time required for financing approvals

and am certain that doing something beats doing nothing.

2. Face-to face is important - we can't solely rely on Social Media. It's critical how we deal with our valued partners - beginning with customers and vendors, but including accountants, attorneys, banks, service providers, others. Do we value them and are we valued by them? As a commercial banker (many years ago) I had relationships with the business owners I did business with. I met with them regularly, visited their businesses, got to know them and what they did and what they needed - so I could take care of them if at all possible. Today banking seems a lot less personal - but should it be? Banks support us - we need to know the people that make decisions on our needs. The same can be said for all contacts - we support them, and they support us. It's simple, I want to know the people I'm doing business with.

3. Skills - what skills SHOULD we have or develop that are needed, necessary, and/or critical to survival and success? We should always be on the lookout for skills our business needs and lacks, if we can figure it out. Often, we don't recognize that we missed things until too late, and it could be because we aren't taking time to assess what's going on around us or affecting us. We've seen businesses sell because the skills needed to go forward are different than those that got them where they are. Businesses can and do decline or fail if leadership didn't recognize the expertise needed to continue.

In addition, once an offer has been received, the financing process will proceed much quicker and the likelihood of success is greatly improved because of the improved qualitative aspects of a business plan prepared by the seller. It can take ... f..o..r..e..v..e..r ... for a buyer to write a business plan. It is one of the longer lead time items in the process of buyers trying to obtain business acquisition financing. During that period, you will be asked to contribute over and over as a buyer struggles to develop the required information for their business plan. So you will be involved anyway, but it will be piecemeal. On the other hand, a buyer editing a business plan prepared by the seller with guidance from their Business Broker completes the process much sooner and the plan's quality will be much better than the alternative buyer-prepared business plan.

Save time in due diligence

The seller-prepared business plan can also save significant time in the due diligence process. In the course of writing the business plan, you will gather and organize information that is likely to be part of due diligence. It will also help you and your Business Broker anticipate due diligence requests. In fact, the business plan itself may answer many due diligence questions that might have been asked had there been no seller-prepared business plan.

Put yourself in the buyer's shoes. Imagine how difficult it would be for you to write a business plan for your business if you had only seen information on paper and spent a few hours talking with the owner to try to understand it. No one can write a business plan for your business faster or better than you especially with the experienced help of your Broker. This is the sizzle that sells the steak!

Where to start?

The SBA has an interactive business plan website that automatically creates a Word document after you've entered the requested written information. Take a look at this website: <http://web.sba.gov/busplantemplate/BizPlanStart.cfm>. The table of contents for the template includes the following sections: Executive Summary, Business Description and Vision, Definition of the Market, Description of the Products and Services, Organization and Management, Marketing and Sales Strategy, Financial Management, and Appendices. Each section provides further directions as to the type of information that should be considered for inclusion.

Also, the website <http://www.business-plan.com/automate.html> offers business plan software for under \$100 and the webpage also reads, "*The SBA in Washington D.C. evaluated 'Automate Your Business Plan' and requested software and book packages for use in their training programs throughout the U.S. By recommendation of the SBA, 'Anatomy of Business Plan' (Ben Franklin Award - Best Business Book of the Year), was also*

Planning is important - most of us don't do enough of it. And if we plan, often we don't go back to compare results with the plan. When we analyze results compared to the plan, the next plan will likely be better.

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.

Next Issue

Preparing to Sell Your Business - Housekeeping

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condensed into SBA Publication MP-32, How to Write a Business Plan." This is not an endorsement of the software, which we've never tried. However, it may be a resource worthy of investigation.

Concentrate on the qualitative aspects of the business plan

One final thought: you can solicit help from your Business Broker to help with the financial aspects of the business plan. Concentrate your initial efforts on the qualitative written aspects of the business plan. In your initial draft don't be concerned with the quality of the writing (spelling, capitalization, punctuation, sentence structure, etc.). Concentrate instead on the quality of thoughts and information. Once you have an initial draft, you can work with your Business Broker for clean-up and editing along with the financial components.

Just as systematizing and documenting your business operations will identify opportunities for increased efficiencies and profitability, you will also find the process of writing a business plan will inherently uncover opportunities for improvement and increased profitability.

And remember, for many small businesses, for every \$1.00 in increased profitability, the valuation of the business will increase by about \$3.00.

INDUSTRY KNOWLEDGE & ACCESS TO BUYERS NATIONWIDE

Our presence as a Professional Business Broker is extended nationally as a result of being associated with associates located nationwide. 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.

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