



**M GROUP**

Helping committed clients achieve  
and maintain financial security

# Preparing your Business For Sale...

*even if you're not planning on selling*



Liability limited by a scheme approved under Professional Standards Legislation

Accounting • Bookkeeping • Financial Planning • Legal • Lending • Marketing

**mgroup.partners**



## What our clients say

### Grill'd Ballarat

When starting up our franchise business, we found the convenience of being able to utilise both the legal and accounting services of M Group to be an enormous help.

M Group were able to offer a seamless and personalised service that ensured our franchise start up process moved quickly and efficiently whilst ensuring all important details were covered.

**Aaron Bones and Marietta Thompson**

[www.grilld.com.au](http://www.grilld.com.au)

### Bakers Delight Wendouree

"We really like the fact that all of our business matters can be addressed in house, we use all four departments of M Group and these departments communicate effectively with each other to gain the best possible outcome for our business..."

**Barry and Susan Browning**

Clients since 2003

### Hocking Stuart - Ballarat & Daylesford

"M Group look into our business from an external point of view which allows them to be a voice of reason with a no nonsense and easy to understand approach..."

**Tony Douglass and Tim Valpied**

Clients since 2003

[www.hockingstuart.com.au](http://www.hockingstuart.com.au)

### Draffin Transport

Draffin Transport specializes in bulk transport, both local and interstate and is based 40km west of Ballarat.

"We have been extremely fortunate to have been an original client of M Group. and continued our business together over the past 18 years. With their professional, personal and caring attitude our business has been very successful."

"The team at M Group. keep us up to date with all new changes that could effect our business. We feel privileged to have personal attention in a professional and approachable way".

**Kaye and Howard Draffin**

Draffin Transport

### Bev & Hayden Howlett

After raising their family, Haydn and Bev are now enjoying life as self-funded retirees. "Thanks to the good advice and guidance from M Group, we are now able to enjoy our retirement without having the stress of worrying about our finances. As retirees, we are financially secure and able to live the lifestyle we were accustomed to before retirement, but with more time to enjoy holidays, travel and leisure activities.

Always greeted with a friendly smile, the professional team at M Group continue to make us feel comfortable and at ease, welcoming any questions we might have. With the SMSF department, Financial Planning, Accounting and Legal all available at M Group, it's a "one-stop shop" with the benefit of the specialists all working together to ensure all of our needs are met."

**Haydn & Bev Howlett**

Clients since 2003



## Welcome & Overview

Do you remember why you went into business for yourself? And is the business delivering on what you had hoped? As a business owner it is very easy to get stuck in the day to day aspects of the business and putting out the fires as they arise. Do you regularly take time to step back from the daily grind to plan for the future of the business and assess performance against your goals? Your business is the one financial asset that you can have a direct impact on its value, but this requires commitment from you to want to improve your business, and in turn its value.

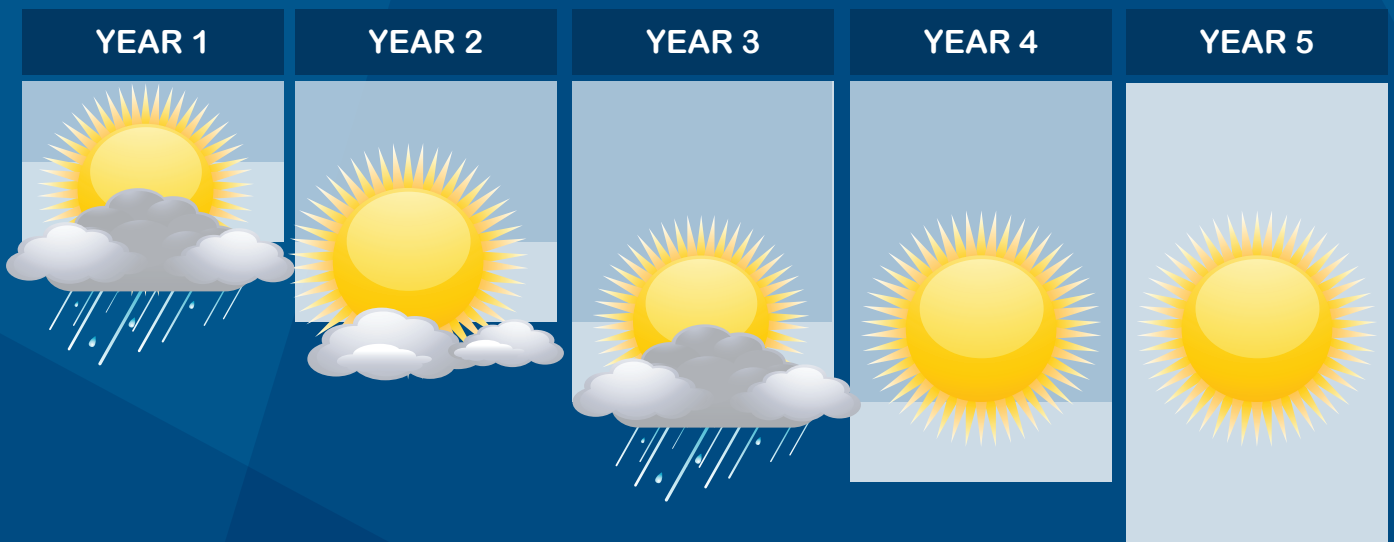
With the expected flood of businesses that will enter the marketplace in the coming years it is important that you have planned for your exit in order to maximize the value you could receive. This involves planning early. You may not be thinking about selling your business in the next few years, or may never plan to sell your business, but by preparing your business for sale you will ensure that you are in the strongest position possible. If you decide to go through the process of preparing your business for sale and end up with a highly profitable, well systemized business with motivated staff and you decide not to sell the business, would that be a bad result?

Our seminar will highlight the importance of preparing your business for sale along with the framework that is applicable to all businesses. We hope that you will commit the time to attend this seminar to start on what could be the most valuable journey for your business.





# Is Your Business 'Sellable'?



It is **forecast** that up to **7 out of 10** business owners will look to **retire or exit** their business over the **next 10 years**.

The question is what will happen to these businesses? Some will be passed through to the next generation leaving many to be sold externally or via employee buyouts. With the expectation of an over supply of businesses on

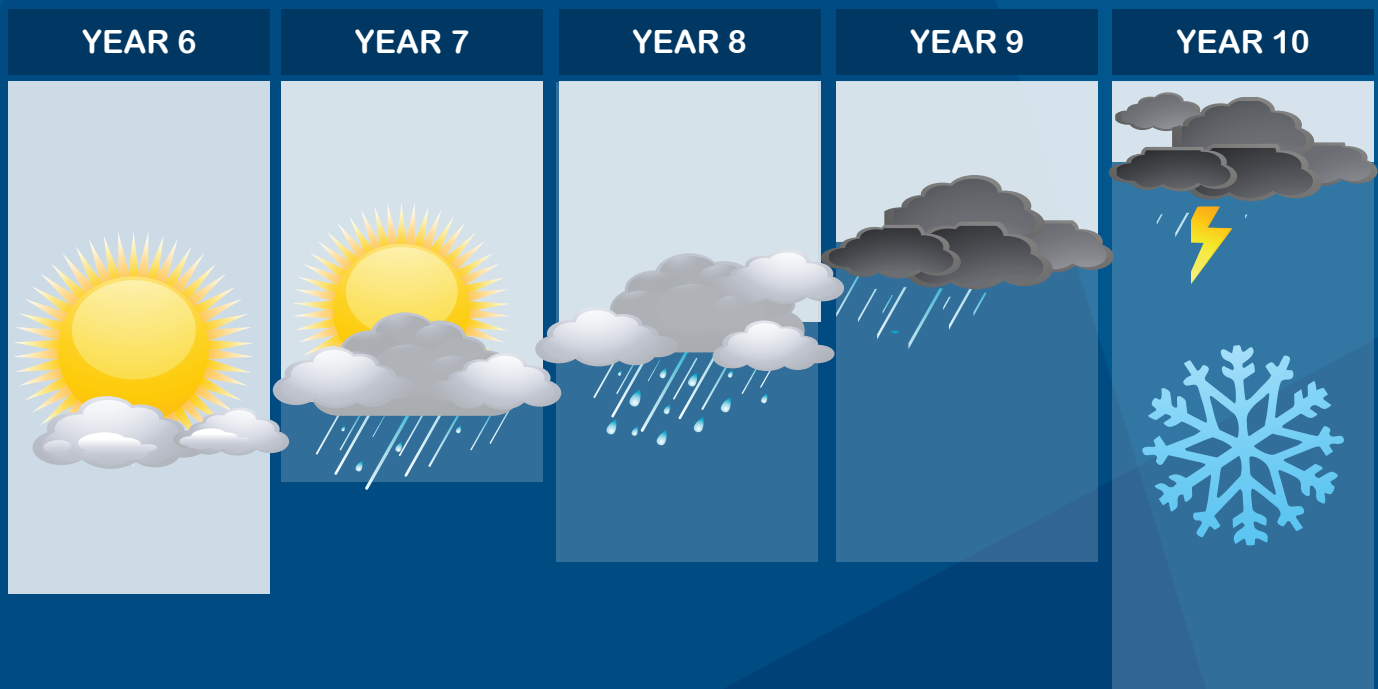
the market, how can your business stand out from the crowd? The key is to **start planning and implementing** changes now to have a 'sellable business'.

If you are relying on the business sale proceeds to form part of your retirement funds having a 'sellable business' is **crucial**.





# What is Your Forecast?



A business value will be determined by a number of things, but the two key criteria are **profitability** and the **reliability** of profit continuing.

To achieve the best return on your investment there needs to be a focus to **continually improve** the financial performance and minimise the associated risks of running your business.

This can include such things as the reliance on owners to complete the day to day work, how well the internal systems and processes operate and the level of reoccurring revenue.





# Take **Control** of Your Business

In terms of your overall financial and retirement plan the business value is about the only asset you can directly influence. You have the ability to make the business more valuable if you invest the time and effort to unlock the full potential.

Think about some of the successful franchise models that exist. McDonald's, Bakers Delight and Jim's Mowing are a few examples. Initially these were 'mum and dad' type business. The owners identified a need in the market place and then developed comprehensive systems and processes so that from start to finish the product or service could be rolled out consistently and as efficiently as possible.

Once established these systems and processes were then duplicated in multiple locations providing consistent quality and results. This consistency reduced the risk associated and made the businesses more valuable.

We are not suggesting a franchise model is the way to maximise the value of your business. However we can learn a lot from how a franchise is developed.

Simply investing the time to document systems and processes so the lowest level employee can follow instructions and complete certain tasks with a consistent outcome is a great start. This will free the owner or more experienced team members to invest time working on the business rather than in the business.

An important first step is to complete a valuation of your business and critically determine how 'sellable' the business is. This is a starting point to then plan and implement ways to improve how your business 'works'.

It normally takes 3 to 5 years to fully implement and see the consistent improvements to your business. This time frame depends on how much time the owner can invest in working on the business.



# Recommended Course of Action

Complete a 'sellability' calculation - What's the business worth today?

1

Determine what areas of the business need to improve?

2

What changes can be implemented quickly with minimal cost?

3

Prioritise and schedule other changes to be implemented.

4

This is an ongoing process and it is important not to lose sight of what you are aiming to achieve - a business that functions (without the owner), improved profitability, lower risk and greater value.





# What makes a **great** business?

*A great business doesn't just happen by chance or luck.*

Like most things in life, the more you put in, the more you receive in return.

It is an interesting reality that many of the businesses and individuals we deal with are financially comfortable. There is enough profit to fund living expenses, cover loan repayments, pay school fees, take a holiday and maybe put a little away for later on in superannuation.

There is nothing wrong with this but there is a concern that the business is not achieving its full potential. When it comes to retirement there are insufficient investments and the business is too reliant on the owner and the business as an asset will not reach its full reach. This will impact the business owner at some point.

*Does this sound familiar?*



# Do you have the **drive and commitment** to take your business to the next level?

What are the characteristics of a great business? we have put together the 10 characteristics and requirements to help your business reach its full potential.

Understand that you need help

1

Start with the end in mind

2

Mission, core values, vision and history

3

Understand your WHY. Why are you in business?

4

Develop a bottom up budget and monitor performance

5

Master the 4 pillars of business

6

Take time out to 'sharpen the saw' and work on the business

7

Implement a business strategy to move from current to desired outcome

8

Business succession plan - voluntary and involuntary

9

Make work enjoyable - we spend a big chunk of our life at work

10



# The 10 Characteristics and requirements in more detail

## Understand that you need help

Step back and look at your business. Is it achieving its full potential? Where can improvements be made? We can help!

1

## Mission, core values, vision and history

It is very important to establish the cultural foundations of your business. Owners need to communicate these to the team and customers. The business needs a purpose – we call this a mission statement. Equally important are core values – the team understand what the business stands for and the business lives and dies by these values. A vision - you know where you are taking the business and the team also understand this and are part of the vision. History – don't forget where you have come from. Most business owners have a story of humble beginnings.

3

## Start with the end in mind

Work out what you want the business to look like. Imagine you are getting your business ready for sale. What needs to be done to ensure the maximum value is achieved? Even if not looking to sell now or in 5 or 10 years or ever. Imagine having a business that is ready for sale, strong profits and cashflow, high performing team, good processes and customers. Imagine how good this would be. What needs to be done to get your business to a point where it is ready for sale (that is most valuable)?

2

## Understand your WHY. Why are you in business?

Understanding your why separates a great business from the rest. Every business knows what they do, most know how they do it, but few know WHY they do it. They are not clear on the purpose, the cause or belief that drives the business. Refer to Simon Sinek author of 'Start with Why'

<http://www.youtube.com/watch?v=sioZd3AxmnE>

4

## Develop a bottom up budget and monitor performance

Work out how much profit you want and build the revenue and expenses around that profit. This will force you to assess what needs to happen to achieve the profit you desire. Implement a record keeping system that provides live financial information so up to date data is always available. With cloud accounting options such as Xero there are no excuses not to have your finger on the pulse with financial data. Develop a dashboard that provides a real time snapshot of performance. We are experts at setting this up!

5

## Take time out to 'sharpen the saw' and work on the business

This is a saying you will have heard before. 'Take time to work on the business rather than always in the business' Get away from the business annually to "sharpen the saw". How can you do things smarter and better? Have a planning session off site; review the past year and set goals for the year ahead.

7

## Business succession plan - voluntary and involuntary

Ensure you have a written succession plan that covers both voluntary and involuntary scenarios.

**VOLUNTARY** – you and business partners decide when you are going to exit business. Agreement is made how this process works.

**INVOLUNTARY** - is when the choice is taken away from you. For example due to illness or death. If no succession plan is in place it can jeopardise entire business. This hinders business and hinders family. Develop an agreement now or when you start business – the time when everyone is happy.

9

## Master the 4 pillars of business

You need to master the 4 pillars of business – people, processes, customers and financials. Develop strategic plan and KPI's around these pillars.

**PEOPLE** – Arguably your most important asset. Without them you are self-employed (rather than a business owner)

**PROCESSES** – Develop a process for every key activity within your business. The first step towards it running without you, (and being less risky = greater value).

**CUSTOMERS/CLIENTS** – Treat them well and they will be your best source of new clients.

**FINANCIALS** – Last, but by no means least. However, if you don't take care of the first 3 pillars, you won't have any financials to worry about! Develop a bottom up budget and monitor performance.

6

## Implement a business strategy to move from current to desired outcome

Planning and goal setting is a waste of time without implementation. Develop a strategy to move towards achieving goals. Set milestones. Be mindful that business improvement is a 3 to 5 year process. Set goals that are achievable and realise that you need to keep running the business whilst this is going on behind the scenes.

8

## Make work enjoyable - we spend a big chunk of our life at work

We all spend a large part of our life at work. It's important to be enjoyable. Respect in the work environment works both ways. If the team is engaged in the purpose and why of the business, the work completed will have meaning and customers will be looked after in the same way as the owner looked after customers. This results in a more positive environment.

10

# Are you financially secure?

*'Helping committed clients achieve and maintain financial security'*

## Our 12 Steps to Success

### 12. Investment Plan

An Investment Plan will increase your asset base, while focusing on preserving your capital and managing your risks, to meet your personal and financial goals.

### 1. Goals & Objectives

Picture yourself in 10 years time... Where do you want to be? How are you going to get there? Being clear on your goals ensures you can develop a strategy to achieve them.

### 2. Estate Plan

"What will happen when I'm gone?" Only assets owned in your name are covered by your will. Your Estate Plan protects your family from the potential threats that your Will does not.

### 3. Risk Plan

Your Risk Plan addresses whether you need to save or insure to protect your family's financial security in the event of an injury, accident or death.

### 4. Asset Protection Plan

Are assets owned in the right names or entities to limit the risk of them being exposed to creditors or legal action?

### 5. Taxation Plan

A Taxation Plan structures your affairs so that you legally pay the least amount of tax and retain more of your income.

### 6. Debt Plan

A Debt Plan ensures your assets aren't over exposed to debt and structures your debt to maximise tax deductibility of the interest.

### 7. Retirement Plan

Retirement is setting the date when you choose to stop work. Your Retirement Plan details the income and assets you need (in addition to superannuation) to retire and outlines the steps to get there.

### 8. Business Plan

Your business value is the one asset or investment that you have full control over. How does the business cashflow, profitability and end value fit with your overall plan? Review the 10 characteristics of what makes a great business to help your business reach it's full potential.

### 9. I.T. Plan

Your data, your email, your devices – they play a key role in the smooth running of your business. Backups, workflow and ongoing maintenance of technology can be a game changer.

### 10. Marketing Plan

Promoting your business to potential clients has many working parts. Generating enquiry and building your brand is key to your business success.

### 11. Superannuation Plan

Many people miss out on the enormous tax benefits of superannuation. A Superannuation Plan will ensure you have a strategy to produce greater wealth at retirement.

