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For Buyers and Sellers of Businesses- \$0-100MM Revenue

Business Team Newsletter

Spring Edition

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Why Businesses Don't Sell



By Ian MacLachlan

For a business owner selling a business can be a frustrating and even a stressful affair. Some industry data suggest that only 2 out of 10 businesses that are put up for sale sell within 12 months. What are the primary causes for these dismal results?

In the previous newsletter, we discussed the pricing approach used by business brokers, the most useful one being comparable sales. The shortcomings can be insufficient data and an inability to verify the information. Unless a business owner subscribes to the various businesses-

sold data bases, they may have an even more difficult time choosing a price to go to market. This can lead to overpricing a business. Overpricing, as we mentioned can cause a business to sit on the shelf for a long time and perhaps increase the risk of customers and employees learning that it is for sale.

Preparation

There are a number of events that have to take place for a sale to close, one of the most common is the transfer of the premises lease. If a reasonably long term is not available, the business may be unsalable or may have to be heavily discounted due to relocation and disruption costs that the buyer may possibly face. (If SBA financing is to be employed then a 10-year term is required). A prepared business seller or his broker, in advance of going to market, will connect with the landlord to determine if a new lease or extension is available and at what rate. There have been many instances in Business Team's history of landlords doubling the rent or even planning another use for the property altogether, as a result the business then becomes unsaleable.

Accounting & Bookkeeping

Business owners who have been in operation for a long time don't really need current and detailed financial statements. He or She can tell how well they're doing by looking at the bank balance. A buyer and the lending bank, however, will demand up-to-date, profit and loss statements and balance sheets, to verify the business performance. A seller who has prepared their business to sell will spend the time and money to put these in place if not already in existence. This is very much like the seller of a home who stages his house prior to going to market. (Doesn't change the home value, only the buyer's perception).

Recently Sold

Recently Sold



High Profit Salt Distributor

Sale Price: \$2,450,000

Web: Business-team.com



• SOLD

Recently Sold



Translation Service

Sale Price: \$1,200,000

Web: Business-team.com



• SOLD

Recently Sold



Recruiting Business

Sale Price: \$59,000,000

Web: Business-team.com



• SOLD

Recently Sold



Tire Store Franchise

Sale Price: \$1,595,000

Web: Business-team.com



• SOLD

Recently Sold



Full Service Machine Shop & Fabrication Shop

Sale Price: \$1,400,000

Web: Business-team.com



• SOLD

Recently Sold



B2B Commercial Equipment Dist.

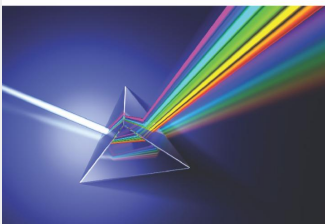
Sale Price: \$8,250,000

Web: Business-team.com



• SOLD

Recently Sold



Optics Manufacturer

Sale Price: \$2,000,000

Web: Business-team.com



• SOLD

Recently Sold



Precision Metal Forming

Sale Price: \$500,000

Web: Business-team.com



• SOLD

Recently Sold



Profitable House Cleaning

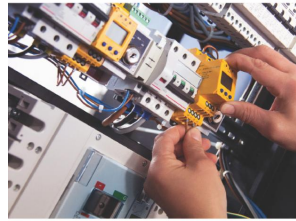
Sale Date: 3/11/2022

Web: Business-team.com



• SOLD

Recently Sold



Full Service Electrical Contractor

Sale Date: 3/31/2022

Web: Business-team.com



• SOLD

Recently Sold



Profitable Pet Supply Store

Sale Date: 1/19/2022

Web: Business-team.com



• SOLD

Recently Sold



B2B Screen Printing & Embroidery

Sale Date: 3/01/2022

Web: Business-team.com



• SOLD

Businesses for Sale



Tile & Marble Outlet

Listing #:10446

Location: Northern California

Gross Sales: \$1,684,708

Adjusted Earnings: \$232,000

Asking Price: \$1,775,000



Waterproofing & Specialty Contractor

Listing #:10689

Location: Northern California

Gross Sales: \$13,226,000

Adjusted Earnings: \$1,783,181

Asking Price: \$5,400,000



Commercial Cabinet Manufacturer

Listing #:LA1050

Location: Southern California

Gross Sales: \$3,554,180

Adjusted Earnings: \$552,218

Asking Price: \$1,800,000



High End Jewelry Boutique
\$2million+ Included Inventory

Listing #:SJ10408

Location: Northern California

Gross Sales: \$8,752,813

Adjusted Earnings: \$1,253,056

Asking Price: \$5,250,000

2m Inventory Incl.



Retail Flooring Sales & Installation

Listing #: 10685

Location: Northern California

Gross Sales: \$3,000,000

Adjusted Earnings: \$400,000

Asking Price: \$1,950,000



Highly Profitable Kitchen Design & Assembly Business

Listing #:10566

Location: Northern California

Gross Sales:\$10,672,974

Adjusted Earnings:\$798,899

Asking Price N/A



Sunrooms & Deck Business

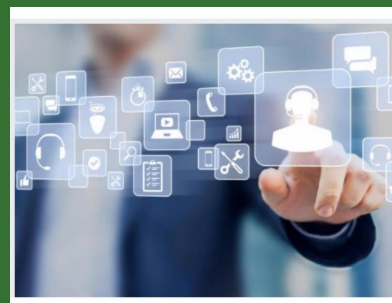
Listing #:SA10736

Location: Northern California

Gross Sales: \$9,304,781

Adjusted Earnings: \$3,482,443

Asking Price: \$7,500,000



IT Service Provider

Listing #:SF10753

Location: Northern California

Gross Sales: \$1,204,831

Adjusted Earnings: \$760,682

Asking Price: \$3,000,000



Public Works/Commercial Electric & Construction Co

Listing #: SF10691
Location: Northern California
Gross Sales: \$8,716,456
Adjusted Earnings: \$968,348
Asking Price: \$3,000,000



Established Retail Furniture Store

Listing #: ST10705
Location: Northern California
Gross Sales: \$5,055,747
Adjusted Earnings: \$838,957
Asking Price: \$1,950,000



Top Bridal Shop in Bay Area

Listing #: 10781
Location: Bay Area
Asking Price: \$1,750,000



Thriving Floor Coverings Store

Listing #: 10587
Location: Northern California
Gross Sales: \$4,883,562
Adjusted Earnings: \$508,655
Asking Price: \$1,550,000

Interested in becoming a Business Intermediary?



Business Team is expanding in Northern & Southern California, Washington, Oregon & Utah!

Why you should join our team as a Business Broker/Intermediary

- **Large Commission's-** Commission's can exceed \$500,000
- **Independence -** Associate's are

Contact A Team Leader

If you're interested in joining our team, please contact Belma Dizdarevic at 916-883-1200 or by email, belma@business-team.com

More information is available at:

<http://www.business-team.com/about/careers.aspx>

independent contractors

- **Career Satisfaction-** Help business owners achieve a fair price for their business, help buyers realize the dream of business ownership
- **Stimulating, professional environment -** Negotiate & Interact with business owners, lawyers, CPA's & lenders.
- **Mentor Program-** New associates are partnered with a senior associate to help them quickly gain competence and confidence



For additional information, please visit our website.

www.business-team.com

SEE ALL LISTINGS

