It's never too early to prepare your business for sale

Selling your business is likely to be the most important transaction you will ever make, so it's vital to get it right. You need to plan carefully, understand what your motivation is and ensure that you achieve the objectives you have set, not least the price!

Get your business 'fit for sale' by planning early so that when the time comes you are ready for it. Even if you're not thinking of exiting anytime soon, there are sound practical reasons to embrace the sale preparation process without delay.

Most of the steps you will take are sensible business measures that will only enhance your company's performance.

For starters, think of how:
- Margins can be maintained and increased whilst you grow the business
- Non-value adding expenses can be reduced
- Expenditure with a long-term payback, such as an advertising campaign or opening a new branch may be justified or in some cases even deferred.
- Longer term sales contracts can be put in place to give certainty of income
- Staff can be motivated and retained
- Good your reporting is. Are your systems and data robust enough to provide the detail needed through the valuation and due diligence process?

Think of disposing of any non-business or surplus assets. Purchasers won't want them so transfer them into private ownership, realise some cash by paying a pre-sale dividend or making a pension fund contribution, or, in the right circumstances, make them part of the deal which can be a tax-efficient method of receiving part of the sales proceeds.

Look closely at the management structure. If the company is totally dependent on you, many buyers will 'walk away' or want to discount the price to balance their risk. So evaluate your second-line management team to satisfy yourself, and a potential buyer, that they have the skills to run the business if you're not there. A purchaser won't particularly want to draft in a new management team and won't have to do so if you can demonstrate that the existing one is capable of running the company.

But don't fall into the common trap of thinking that you have to find or appoint a new 'you'. If you have a natural successor that's brilliant, but don't try to force one who isn't right or isn't up to it on buyers. Trade buyers will want to see that you have 'colonels' and 'captains' in place but will probably have their own 'general' to take over at the top. However, PE buyers will most likely want to see a pretty full team, or at least want to be sure that they can find/identify a new leader, before they complete.

In most businesses, some employees are more important than others to its success. Identify those who you wouldn't want to lose and try to gauge their reaction to a potential sale. But be careful. The idea of a sale is worrying to nearly all staff and, much as the thought of retiring with your pot of gold appeals to you, they may not like the idea of new owners and the potential disruption. Think of ways to ensure retention of key people or to tie them into the longer-term future of the company, but don't overcommit to bonuses or shares as this will cost you in any transaction. The general rule is to keep your plans secret until you have a buyer or need the team on board.

Make sure your business plan is up to date. It should be reviewed and updated at least annually and include a three-year projection. As part of the plan, assess future growth prospects for your industry as a whole and how you are better positioned to succeed than your competitors. A SWOT analysis will help inform this. A robust plan is the path to added value both for the company and your valuation. The numbers are key – run them and then run them again. After all, that's what any buyer is paying for. Get help if needed and then run actual figures against the plan monthly to prove its worth.

Keep on top of the paperwork. Make sure contracts, leases and records are properly organised and readily accessible, and key processes, procedures and methodologies fully documented. Are all third-party contracts in place and up to date? And any Intellectual Property rights fully protected?

Think, too, about how you might be perceived by a visitor to your premises. Are they clean and well organised? Is all equipment well maintained? Get rid of any clutter and sell or remove equipment that is no longer of use or needed.

As with any business, reputation counts for a lot so make sure yours is gold-plated. That means making sure you are compliant with all regulatory requirements and, where necessary, have the documentation to prove it. Document any PR initiatives in which you have been involved and maintain a record of positive customer feedback. Don't try to hide any skeletons in cupboards. They'll only be found out during the due diligence process, so be up front and detail how you have dealt with or intend to handle any legal, financial or reputational risks.

Above all, think ahead. Preparing a business for sale takes time – sometimes years rather than months. It also takes experience and expertise. So it's important to choose your professional advisers carefully. They can make all the difference between success and failure when you decide the time is right to begin the sale process or you receive an unexpected knock at the door from a potential suitor!