

## Ask a VR Intermediary



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### When Should I Sell My Business?

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Timing is everything in business. Knowing when to sell your business is an important decision that you're going to face as an owner sooner or later. It's better to have a firm grasp on where you want to be in five, ten years from now; and whether that involves the business you own. VR will help you with determining when the right time is.

There are a few scenarios that will help you make a clearer determination on when is the right time to sell your business.

#### **The Industry is Hot**

Each industry has a different cycle of when the market is in demand for those types of businesses. Health-care, for example, is one that continues to be a hot industry for entrepreneurs to buy a business.

#### **Business is Booming**

It is better to sell your business when things are going well than when they are not. For example, a business owner can find an excited and qualified buyer to take over the reins if it has a clean balance sheet, established patents on their products, a strong inventory and customer base and two consecutive years of \$1 million in EBITDA.

Some brokers say that you shouldn't sell because you may not get the maximum amount you could receive for your business and wait a few more years. However, your business may be doing poorly in a few years. A lot of things can happen during that time. You may decide you don't want to run the business anymore. This scenario happens quite often and can further complicate matters when:

- You've already renewed a lease under your name with the landlord who owns the building for another five years;
- You have no heir apparent;
- Your product line has become out of date;
- There is a need to update the machinery and equipment.

This is why you should consider speaking to a VR business intermediary in your area and decide if the time is now to sell to a qualified buyer and pursue a new endeavor.

### **Following Proper Planning and Preparation**

You may find that you're ready to sell your business, but have you properly prepared and planned for it? Without a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis that you can compare to competitors, you will not be able to determine if your business needs improvements before being put on the market. Each VR business intermediary will perform a valuation on your business to determine where what needs to be done so you will be ready to entertain inquiries from qualified buyers.

### **A Strong Economy**

With the recent recession, you may be more hesitant; however, with an economy that is recovering and more entrepreneurs finding available funding recently, you may see that the market may be in better conditions, where you will be able to achieve a price for your business.