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## How to Maximise the Value of your Business for Sale

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by **Rob Scott**  
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When selling a company, the value of your business often hinges on the amount of a profit and cash flow a buyer believes that they can get from your company. That concept of profit and cashflow is weighed against all the risks that come with paying a significant sum of money for an organisation.

Often, when it comes to improving the value of business before you sell, it's not just about showing your potential buyers that you're worth their time in terms of asset values, costs, and sales, but also that you have the longstanding strategies and relationships to make a sale the best move forward for the company that you're working with.

Usually, an advisor can help you to understand the nature of your business, and the strengths that it has to offer, so you can make a more compelling argument to your interested investors.



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## **Prepare for the Sales Process**

Before you even start to pursue potential buyers for your company, make sure that you're prepared to make a sale work. This means thinking about exactly what you want to achieve, and getting a professional valuation of your business. Align your goals with your shareholders, and stack up as much financial information as possible so that you can sell yourself with evidence to back up the figures that you're advertising.

Make sure that you take the time to get your tax affairs in order, and understand the different steps that you might need to take for your specific company, and do your due diligence to address any hurdles that might approach your company along the path to a sale.

## **Increase and Secure Profitability**

It's common sense to think that buyers will be willing to pay more for a company that they believe will be able to generate a profit quickly and effectively. Showing people that you can be profitable is a great first step to selling your business, but if you can also show them that your profits are still increasing by ensuring that any large customers are contracted and secure. This can put an extra incentive into the sale.

Look at the customers that give you more than 10% of your total revenue, and establish recurring revenue agreements. This will help you to improve your appeal to people in your industry. After all, if you can convince your buyers that you're already set up to make a profit, then they'll know that they're paying for something valuable. Your buyers will know they have a consistent revenue flow to fall back on as they get more acclimated to their new business.

## **Minimise Stress and Differentiate yourself**

The company or organisation that you sell to might not want to use the same suppliers or leases as you. With that in mind, it's a good idea to reduce the strain that they'll have to go through to get out of awkward contracts, by keeping your long-term commitments to a minimum. This involves any contracts you might have with suppliers and even office leases.

Additionally, try to sweeten the pot by differentiating yourself from other companies in the marketplace. Remember that differentiation is always an important priority for any business that wants to achieve a quick sale. You'll need to show that you're profitable, but also that you're uniquely positioned to dominate a part of the market. Make sure that you do this by promoting any intellectual properties, patents, or unique skills you have to offer.

## **Build a Strong Routine: Focus on Strengths and Defend Weaknesses**

Many great buyers know that in some businesses, their most valuable asset will be the seller. As you sell a company, you need to be able to convince buyers that they can continue to operate your business successfully after you leave the scene. A good way to do this is by developing airtight processes and routines that enable your company to function effectively without your involvement.

While you're assessing processes, be sure to evaluate the strengths and weaknesses of your business. This will help you to present the right attributes to your potential buyers when they're looking at your company, and give you a chance to prepare good responses to their questions about potential weaknesses. You need to be prepared to defend yourself on all counts, and show your buyers that you have value to offer.

## **Use a Professional Advisor**

Finally, it's always a good idea to seek the advice of a professional outside advisor who can help you to prepare your company for a successful sale. An advisor can

give you the guidance you need to prepare for a sale, give you a realistic idea of valuation and deal structures that will be available, help generate competition for the business by running a competitive process, and manage the process through to completion, allowing you to focus on the 'day job'.

Since selling your business is one of the most important things you'll ever do as an entrepreneur, it's important to make sure you use professional advice to get it right. [Knight Corporate Finance](#) can help to ensure that you get the most out of your sale, with expert guidance and assistance.

## Related Articles:

- [Funding options for ICT businesses](#)
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## About Knight Corporate Finance

Knight Corporate Finance was founded by Adam Zoldan and Paul Billingham in December 2008 with the specific aim of advising businesses and entrepreneurs in the telecommunications, media and technology (TMT) sector.

Both founders spent long periods of their careers in senior commercial and operational roles in the sector and bring a unique level of experience to transactions based on genuine industry knowledge.

Knight advises its clients on Strategy, Funding, Acquisition and Exit, and has completed over 80 transactions establishing itself as one of the leading corporate finance boutiques in its sector.

The business has a team of 10 professionals with offices in London and Warrington.

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Hi, I'm Rob Scott - Publisher. Fanatical about Unified Comms, Cloud & Contact Centres :)