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8 Considerations When Building a Business to Sell

1. **Profit versus growth**
   If you know you're building a business to sell, you might be happy to take less profit and reinvest in the growth of your company, knowing you'll get a bigger multiple or a bigger exit when the time comes.

   If you're building a business for cashflow, you'll likely be more interested in the amount of cash you make every quarter or every month.

2. **Thinking about the competition**
   If you're looking to sell your business eventually to a competitor, your whole goal becomes, how do I become such a pain for this competitor that they're forced to buy me, or they'd want to buy me?

   For a cashflow business, that sort of thinking just doesn't exist.

3. **The personal brand**
   If your business operates under a personal brand, selling it is not impossible, but may present more of a challenge than if it were a company. Prospective buyers may offer less, and you might be required to stay on as an employee for a period of time while it re-orients. It's a difficulty especially if you've spent a lot of time building the brand, only to decide suddenly you want to sell it.

   If you intend to run a personal brand for cashflow, one way you can do really well is to make content. Have a podcast or YouTube channel.

   And there's much you can do with a successful personal brand. You can use it to grow other businesses that you can sell. You can also take the cashflow you're making and invest it in other assets. Or you could buy investment products or the like, or buy other businesses. You could make a plan to put money from that business into other things and eventually make enough passive income to turn the business off.

4. **Is there a right or wrong?**
   Whether you build to sell or build for cashflow, you can do quite well. The mistake is not choosing, or trying to do both at the same time, with the same business, and expecting to be as good at both ends. That would be very difficult, if not impossible, compared to focusing on one or the other.

   There are business with great cashflow that sell, but likely they would have much better cashflow if selling were not an aim. A lot of cost goes into preparing for a sale - there are financial audits, de-risking, hiring the necessary team. So even the good cashflow business could be stronger in cashflow if they weren't preparing for a sale.

5. **The realities of a sale**
   Sometimes people glorify the sale of a business. They picture this great payday, where

you get all the cash and it's done. That's not at all how it works.

There's the prepping of the business for sale. And there are the meetings, back and forth, addressing all the questions each side might have, and rightly so. It can potentially chew up a lot of time.

Then there are handover periods, payment terms. You might have a leveraged buyout, where you get money each month over a duration of time until the total is paid out - a far cry from the lump sum payday people might envision.

6. **Selling takes skills**
   After years of running your business and learning to do it well, selling it can be an exercise that needs a whole new skillset.

   Those skills, at least the basics, are something you can bone up on by consulting experts and reading books.

   Essentially, you'll need to show the potential of the business to the buyer. You'll have to prepare a book of sale. And you want to only really show the offer to someone who's qualified. Then you want to maximize the value in it by pointing out all the opportunities that they can develop.

7. **Are some businesses more suited to selling?**
   Personal brands have been mentioned as one of the harder business models to sell. Agencies are another, especially if the expertise is tied to the owner operator. They'll generally get a much lower multiple. Consulting, too, if the database is of any value to someone else.

   Among business models that are easy to sell are e-commerce, and content sites built around a theme, not a person.

8. **Keeping your head in the game**
   If you're sick of your business and want to get rid of it, do not make the mistake of letting it depreciate in value because you no longer enjoy working on it. Every single dollar of profit is probably really a multiple of that dollar. It could be worth $4 of sales price, or $8 of sale price. So if you're making $100,000 profit, that could be $400,000 or $800,000 difference in the sale price. So keep working on your business, at least until you've made the sale.

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