



Bluestone's Retail Strategies

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Sell Your Business... Or Just Act Like You Are!

Is your business for sale? Would you like to sell your business some day? If you are like most business owners, you work hard with little thought of what will happen when the day comes that you want to or need to do something else. This failure to consider the ultimate disposition of a business is unfortunate because a good business can sell for a substantial amount of money.

A portion of every business owner's effort should be dedicated to enhancing and preserving the eventual sale price of the business. While the theoretical future sale of a business may seem too abstract a thought to capture your attention, consider this... many of the strategies and behaviors that maximize a sale price are identical to the strategies and behaviors that can maximize the daily sales and profits of a growing business.

Why would someone buy a framing business instead of starting it themselves? Chances are the potential buyer values the revenue stream that only an existing business provides. They also place value on the relationships and goodwill the existing business has created with its customers as well as the methods, strategies and policies by which the existing business serves its customers and fulfills its obligations.

It's a win-win situation. By enhancing the attributes that a potential buyer values, you will be able to make more money today.

Let's accept that the prerequisite for selling a business at a premium price is a history of sales and profits. Assuming that you have been able to achieve that very elusive goal, here are a num-

ber of things you can do perk up the value of your business every day and at sale time.

1) Keep accurate, complete and consistent financial records.

Have a way of recording your daily sales results. If you sell both art and framing, record them separately and as a total. Have your accountant produce quarterly financial statements for your business. Better still, computerize your record keeping using Quickbooks software or some equivalent program so that you can receive real-time financial information.

Today's Benefit: You will have an accurate means of assessing the growth and trends of your business. You can use this information to help understand and grow your business.

Future Benefit: Buyers like to see careful accounting. The fact that you maintain proper records enhances the buyer's view of your professionalism. Complete and accurate records over a long period of time also increase your credibility and make it easier for the new owner to assume control of your business. That adds value.

2) Maintain a customer list.

Maintain a file (preferably computerized) of every customer who has ever bought from you. Ideally, this list will also contain history related to the amount and frequency of their purchases. Periodically have your list "cleaned" (i.e. remove duplicates, remove deceased people, update change of address).

Today's Benefit: You will have a ready-to-use means of communicating with your cus-

tomers. Used properly, a good mailing list can help you enhance your sales and profits.

Future Benefit: A complete, clean mailing list adds tremendous value to your business at time of sale. Smart buyers aren't buying your moulding corners, they are buying your customers and the prospect of doing more business with them in the future. A good mailing list that is well used gives buyers confidence that the business they are buying has a good probability of continuing.

3) Keep your inventory "clean."

The inventory of framing materials and art that you keep on hand should be current, in good condition, and in reasonable quantities for the volume of business you do. You should periodically "clean-up" your inventory by selling, repackaging for sale (i.e. ready-made frames), or discarding items that are damaged or very unlikely to sell. You might also be able to make donations that allow others to use materials that you cannot.

Today's Benefit: A clean shop is easier to work in. How many times have you tripped over or had to move things? How much money do you have tied up in materials that you will probably never sell? Careful buying and aggressive management of on-hand materials reduces clutter and improves cash flow. Appropriate write-downs of inventory increase your cost-of-sales and can result in tax savings. (Consult your tax advisor).

Future Benefit: A smart buyer is unimpressed by piles of useless merchandise. It makes them wonder about the effectiveness of the business knowledge and operations that you intend to sell. That complicates your negotiations and results in a lower selling price.

4) Keep your store looking good.

Be aggressive about basic maintenance items like the condition of carpet, lighting, and walls. Keep your framed samples current and attractive. Keep your back room orderly and your restroom clean.

Today's Benefit: Customers are more likely to buy from a clean, organized, professional business. Keeping a store clean every day takes less time than cleaning it monthly, quarterly, or annually.

Future Benefit: Buyers want an ongoing business that appears to have its act together every day. The look and feel of your store says a lot about the way you run your business. The potential buyer's first impression will color all future dealings.

5) Think about what you can do better... then do it!

Any smart potential buyer will ask you, "What things can I do to increase sales and profits?" While you may feel smart as you rattle off a long list, you might later find that joy overcome by the realization that if you had done those things years ago, not only would you have made more money, but your business would also have been more valuable at sale time. Sit down and think of three "no-brainer" things that you can do. Then do it!

Today's Benefit: It's the money! Successful business owners find the time and energy to think of and implement ideas that lead to growth. Just do it!

Future Benefit: It's the money! If you grow your sales and profits, your business will sell for more. And don't worry; there are enough good ideas out there that you will still have some ideas left for the potential buyer.

You may earn a weekly salary, but you will only sell your business once. The success of that sale will be based on the thought and effort that you put into your business every day of its life. I hope the ideas presented in this article will direct your thoughts in a way that results in increased sales and profits today, and a better payday at checkout time down the road. Let me know what you think! E-mail me at bluestone@framegroup.net. ■