

ACTION PLAN TO INCREASE VALUE

TIME HORIZON		
3 to 5 years	1 to 3 years	< 1 year
<ul style="list-style-type: none"> ▪ Tax planning – maximise the business’s after-tax value ▪ Shareholders or partners agreement – ability to work together as a unit on business succession issues ▪ The business is losing money or is not as profitable as the industry average ▪ Goodwill can’t be transferred because it is all in the owner’s head ▪ Reliance on a few major customers ▪ Obsolete technology ▪ For family succession – lack of an adequately trained successor ▪ Repayment of borrowings ▪ Excess trading stock ▪ Poor accounting records ▪ Unsuitable business premises ▪ High staff turnover. 	<ul style="list-style-type: none"> ▪ Business is too diversified ▪ Depressed profits due to spending on non-essential items ▪ Current owner has stayed too long – consider introducing a business manager before sale ▪ Key employees likely to quit when the owner sells – recruit replacements now ▪ Poor productivity – start corrective action now as improved productivity takes time to develop. 	<ul style="list-style-type: none"> ▪ Establish and work towards a realistic valuation for the business ▪ Prepare a business plan (which enables potential purchasers to see a strategic vision for the business) ▪ Tax planning – maximise the business’s after tax value ▪ Ensure all partners and shareholders are willing to sell ▪ Ensure operational and financial records are in order ▪ Separate excess plant and equipment and other assets ▪ Agreements with principals, suppliers, customers and employees ▪ Simplify ownership and management structures ▪ General tidy up of business.