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Thinking About Selling Your Restaurant? Take Time To Plan

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For Ohio Tavern News

When the time comes to consider selling your restaurant, you'll be ahead of the game if you understand a few key points.

It's important that you don't make the mistake of thinking that your restaurant has to close. The business will always hold some value. When reviewing your options, selling should always be one of them.

Recognize that the process of selling your restaurant can be as much work as actually operating your restaurant. You had a well-crafted plan when you started your business; the same should be true when selling it. This restaurant is likely your life's work. The selling process can be an emotional roller coaster. Be prepared for this and be sure the decision to sell isn't made due to a bad day or temporary state of exhaustion.

Reasons to Sell

Potential buyers will inquire why you are selling your restaurant. Be genuine and straightforward, but not desperate. Some buyers may sense this and think they can get your restaurant for a "steal." There are several authentic reasons for selling:

- Retirement
- Partner problems
- Divorce
- Health challenges
- Family dispute
- New interests
- Lack of cash to expand
- A death

Going Out on Top

Some people are surprised to learn that the best time to consider selling is when you are doing well. But, it is true. Selling your business when sales and profits are on the increase adds value to your business, which will cause a potential buyer to purchase at a premium, optimizing the sale. On the other hand, if the restaurant is experiencing declining sales and profits, you will have to

depend on fickle economic conditions to determine the value and purchase price of your restaurant.

Slow and Steady Wins the Race

Most restaurant owners think that selling their business is a quick process. While it's true that the six-month average may be accurate for your restaurant, it could also vary. There are a number of factors at play: economy, location, condition, terms and price.

Continue to run your restaurant as if it weren't on the market. Monitor sales and profits so your final price isn't adversely affected. Maintain the condition of the restaurant and its assets. Buyers are going to be looking for a business that is up to standards, make sure that your restaurant is.

Today's buyers are very sophisticated. They will require accurate and current accounting records. You can expect that they will review every detail. Most buyers will want to see the last three years' worth of tax returns and profit and loss statements. Make sure you have these reports professionally prepared, organized and accessible ahead of time and you'll save yourself a major headache and rush.

Now That You're Ready to Sell...

You've weighed your options and are confident in your decision to sell your restaurant. The business is doing well, it's marketable, has appeal and your books are up-to-date. What next?

The best chance you have to sell your restaurant and optimize your deal is by hiring a professional. This could be your lawyer, accountant, Realtor or business broker. Hiring someone with experience in your line of business has definite advantages. They have a proven history of the buying, selling and legal requirements that go into this type of transaction. They'll also have the understanding of the day-to-day operations and management processes required in a restaurant environment.

Consider contacting a business broker as you evaluate selling your restaurant, and keep in mind the points in this article. The timing, reasoning, pricing and representation of your sale are vital to a successful experience.