

Nigerian Businesses for Sale

(A monthly newsletter of Rossland Business Brokers)

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What is your Business Worth?

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You have tirelessly put in 15, 20, even 30 years of your life to develop and grow your business. You are in the professional practice business – a medical practice, a legal practice firm, or maybe an accounting/auditing practice. Question is: how do you intend to exit the business? You are getting aged and maybe tired! You want to do something else. You may even want income for retirement to lead a quiet and peaceful life away from the hustle and bustle of business life.

But you also want to continue and leave a legacy of providing high quality service your firm is associated with. You admire global brands that have endured beyond their founders, and want your firm to outlive you. You will not mind having a technically and financially qualified person or firm takeover the business

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Preparing your business for sale: How to increase your business value

“Are there benefits in selling an existing business? The answer is yes”

In Nigeria, selling an existing business that is doing well is new to most business owners. In other words, business brokerage (the act of intermediating between a seller and buyer in transferring ownership of a business) is entirely new to many. Are there benefits in selling an existing business? The answer is yes. Managing a business with an intention to sell it at some time in the future ensures better management of the business and when sold gives the seller values beyond the physical assets of the business.

According to Brian Mazar Managing Partner of the firm, American Fortune Mergers & Acquisitions, regardless of the state of the economy or industry, there are certain things owners can do to make

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Why buying a business is better than starting one

“When starting a new business you have to organize location, lease, licenses, suppliers, marketing, staff, customers, with money going out. When you buy a going business concern you start making money from the moment you open the door”

If you buy a going business concern, you can see what you are getting: lease, licenses, plant, staff, suppliers and customers, are all there and operational figures to help you devise new strategies for growth are available. You are making money from the moment you open the door!

When starting a new business you have to organize all these things – location, lease, licenses, suppliers, marketing, staff (hiring and training) – with money going out all the time before the first customer comes in. Most start –up business fail. To succeed you have to have a good new idea/product, a business plan, and more money than you expect you will need. Experience tells us that starting a new business takes more time and money than anticipated – and it also takes GBIT, i.e. guts, staying power, patience, and persistence. All businesses start small, but only a fortunate few survive.

Your safe bet is to buy an existing business, one that has survived. The buying option is particularly relevant in difficult operating environments like what you have in Nigeria. The business survival rate in Nigeria is low therefore for any one venturing into business, an important consideration is to seek for survived businesses with

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How much is your Business Worth? (From page 1)

to continue building on the legacy and indeed take the firm to the next higher level.

But you are troubled: What value can you get for the business? Value is defined here as the value of physical assets and goodwill that a buyer is willing to pay to take ownership. Why is it important for you to have an idea of the market estimate of the potential value purchasers are willing to pay?

Simply because that information will aid your decision whether to sell or not and at what time to sell. If present market estimate of value are not favorable, then it may be better to wait, and while waiting, put in place items that may help increase the value of the business. Estimate of market value will also help to target the sale to buyers who are more likely to pay the most money.

Rossland Business Brokers can help you estimate market value of your business. Contact us now for more information.

Business Listings (Businesses Available for sale)

Rossland Business Brokers are currently seeking businesses for sale in the following industries which are the target of our business brokerage practice:

1. Private Educational Businesses (Computer Training Centers, Primary & Secondary Schools, Universities, etc.)
2. Professional Practices (Hospitals, Law firms, Auditing firms, etc.);
3. Retail Sector (Supermarkets, Petrol stations, Pharmacy outlets, etc.)
4. Small Service Businesses (Fitness clubs, Motor service/repair centers, Laundry and cleaning, etc.)
5. Tourism (Small and medium sized hotels, Golf clubs, Recreation parks and gardens, etc.);
6. Food Businesses (Bakery, Ice Cream Shops, Pizza outlets, Restaurants, Fast Food Outlets)

If you are in the above industries and are interested to sell your business as a going concern, please do not hesitate to contact us.

Call +234 817 6252 490 for advice; or send an email to: brokers@rosslandconsulting.com

Preparing to sell (from page 1)

their business sellable and as attractive as possible to potential purchasers. To build market value, owners should address the following items:

- ✓ Standardize and document all company procedures
- ✓ Eliminate liabilities or liens and resolve any outstanding procedures
- ✓ Perform maintenance on company equipment to ensure good operating condition
- ✓ Secure key employees with employment contracts
- ✓ Eliminate non-performing or non-contributing employees from the payroll
- ✓ Establish a management team that can operate without the current owner
- ✓ Reduce reliance on one or two large customers for the majority of sales
- ✓ Improve and beautify the physical aspects of the business facility
- ✓ Have clean, verifiable financial statements for the past three years. **(To be continued)**

“To increase your business value, standardize and document all company procedures...Also establish a management team that can operate without the current owner”

Why buying is better (from page 2)

good operating systems and procedures that can be taken to another level of growth and profitability.

In some cases, the seller may be willing to finance the purchase thus making it easier for the business buyer to make the purchase and take the business to higher heights.

Are you thinking of starting a school, a law firm, a restaurant, a petrol filling station, a fast food franchise, a rice mill, or a poultry farm? Why not consider buying one that has survived the odds!

Culled from the Business Brokerage Press with inputs from Rossland Business Brokers

Starting a career in business brokerage

The Business Brokerage Industry has been around for more than 100 years. However, many people have never met a Business Broker or considered it as a possible career.

The Business Brokerage Industry is not very large. For the last ten years, there have been approximately 3,000 Business Brokerage firms in the United States. Some quick math tells us that the average would be about 50-60 Business Brokerage firms per state. So, not a very large industry; in Nigeria it is much less.

So, who is a Business Broker? Simply put, a Business Broker facilitates business owners and business buyers in the transfer of ownership of businesses. Many of the services of a Business Broker are similar to

those of a Real Estate Broker. But, a Business Broker is selling the tangible and intangible assets of an on-going business. The knowledge and skill of a Business Broker can make the experience much less complex and rewarding for both buyer and the seller.

Amongst the things that brokers do to make a sale possible are:

- ✓ Present business brokerage services to business owners;
- ✓ List the business for sale;
- ✓ Prepare a professional offering package to market the business;
- ✓ Interview qualified potential buyers;
- ✓ Assist with Letters of Intent
- ✓ Help the business owner evaluate the offers and follow through to closing.

Average percent commission for the broker is between 8% to 12% of the sales amount.

If you interested in starting a career in business brokerage then get in touch with us.

If you are interested in starting a business brokerage firm and need consultancy assistance, please feel free to contact us for assistance.

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For more information about our business brokerage services, please contact us through the above channels.