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Selling Your Business? Cash Is King!

December 2nd, 2009 by Matthew C. Keegan | Filed under [Business Services](#).

When is the best time for you to sell your business? Answer: whenever you feel like it. 2 retweet

Seriously, you may want to do a few things first before putting your business on the market, namely ensuring that your cash flow is strong. That way, you can guarantee that your business is valued properly, reflecting its cash position over the past two or more years.

We all know that the last two years have been especially challenging to many business owners. Sales are down, prices have been cut, inventories slashed, and your current cash position may not accurately reflect the value of your business. Yet, there are some things you should keep in mind when valuing your business:

Predictable Cash Flow – Do you have a steady amount of money coming into your business every month? According to [Business Week](#), buyers will take your current cash flow and project out by as much as five years. They then set a price on those earnings that guarantee a decent return. If you have an established enterprise that has taken a hit recently due to the economy, but is trending upwards over the past few months, a buyer may want to look at your cash flow for several years in the past to gauge its potential for future profit.

Intangibles – There are certain things about any business which help set it apart from the pack, namely intangibles such as physical location, proximity to suppliers, nearby colleges, customer base, and competition, to name a few. If you are one of many nail salons in your area, don't expect to fetch top dollar for your business. However, if you own the only ice cream shop adjacent to the fairgrounds, you may have a captive customer base available. Consider every possible intangible when valuing your business.

Business Broker – Your books may be in excellent shape and your intangibles known, but does that you can put a price on your business? Not likely. Business brokers and NACVA certified valuation analysts have the training and background to put a price on your business.

“The *National Association of Certified Valuation Analysts (NACVA)* supports the users of business and intangible asset valuation services and financial forensic services, including damages determinations of all kinds and fraud detection and prevention, by training and certifying financial professionals in these disciplines. NACVA training includes Continuing Professional Education (CPE) credit and is available to both members and non-members.”

Seek the assistance of a professional to help you value your business; obtain references from clients.



Customer Wants

Finally, what a business is worth and what a customer is willing to pay for it can offer stark contrasts. Ultimately, you'll need to come up with a price you can sell your business for and meet or exceed that amount before agreeing to a sale.

Adv. – Are you looking to sell your business? Are you considering purchasing a business? The [NACBB Business Brokers](#) team can help you come up with a value for your business or assist you in finding a business to buy. Make 2010 the year that you go into business for yourself! [Contact](#) Raymond Smith or Krayton M Davis today.

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 [3 discipline success](#)  [4 execute success](#)

 [appendix forms](#)

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December 2009

S M T W T F S

1 2 3 4 5

6 7 8 9 10 11 12

13 14 15 16 17 18 19

20 21 22 23 24 25 26

27 28 29 30 31

[« Nov](#) [Jan »](#)

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- [Career Planning](#) (6)
- [College Planning](#) (12)
- [College Search](#) (6)
- [Commentary](#) (13)
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- [Home Financing](#) (70)
- [Home Improvement](#) (66)
- [Home Relocation](#) (12)
- [Home Selling](#) (44)
- [Home Tips](#) (66)
- [Money Management](#) (56)
- [News](#) (48)
- [Product Recalls](#) (3)
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- [Student Aid, Loans](#) (8)
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- [College Financing](#)
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- [Credit Management](#)
- [Debt Management](#)
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- [Financial Tips](#)
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- [January 2010](#)
- [December 2009](#)
- [November 2009](#)
- [October 2009](#)
- [September 2009](#)
- [August 2009](#)
- [July 2009](#)
- [June 2009](#)
- [May 2009](#)
- [April 2009](#)
- [March 2009](#)
- [February 2009](#)
- [January 2009](#)
- [December 2008](#)
- [November 2008](#)
- [October 2008](#)
- [September 2008](#)
- [August 2008](#)

- [July 2008](#)
- [June 2008](#)
- [May 2008](#)
- [April 2008](#)
- [March 2008](#)
- [February 2008](#)
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