



The art Of timing

By Rhonda Mitchell

If, as Thomas Hobbes once said “Hell is truth seen too late,” then realising you sold your cherished and thriving business at the wrong time must be at least akin to a brush undefended with a Komodo Dragon.

Damien Fahey and Sam Cherry of Tabak Business Sales know that there is art in timing – when to buy and when to sell, and they are experts in identifying those moments for transition.

“It is not simply reaching retirement age that prompts the decision to sell a business,” Damien says. “In fact, that group accounts for only around one third of our sales.”

Often owners have simply lost their passion for the business, discovered a new opportunity,

have hit their own glass ceiling, or company success has prompted the need for major restructuring. Health, personal and family needs make up the balance of reasons for deciding on sale.

Whatever the reason, Damien and Sam emphasise the benefits to be gained by chatting to them early, “as soon as it crosses your mind that you might like to get out, talk to us – we’ll go through the ‘why’ with you and we can then advise you on the both the ‘when’ and the ‘how’,” Sam says.

A chat with Damien and Sam doesn’t always lead to straight to the market. “Sometimes we establish an owner is just really tired and after a decent break they fall back in love with the business,” Damien says.

However, once the desire to sell is certain, long experience has illustrated the danger to Damien and Sam of getting your timing wrong, which is influenced by both internal and external factors.

If an owner has reached boredom stage, and is not giving 100 percent energy to drive the business forward, it can often stall or go backwards and is no longer such a great asset to sell. “Buyers want to see your figures for last week, not just 12 months ago,” Sam says. “Sometimes we advise

sellors to build the business back up before putting it on the market.”

If, through sheer boredom, an owner has struck out in an exciting direction which then fails to deliver, this can also detract from the once-thriving core business. “Owners can over-capitalise, investing in too much stock than can be justified by profits. Selling to a family member or employee as an easy or favourable option is not always advisable either – a previous owner who cannot break the emotional attachment does not lead to harmony in the workplace!” Damien says.

A key external factor is missing an economic cycle: perhaps taking two months to contact the accountant who takes four months to prepare the books. Conditions can change in six months; business slows, banks tighten lending, and a window then closes for up to five years.

“Timing is key in business sales, talk to us early, talk to us first and you won’t find yourself marooned on a dragon island.”