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The Art of Smart Business Acquisitions

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When to Sell Your Business: Is There a Right Time?

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Market update

Issue 14

 **LINK**TM
we sell businesses

LINK Christchurch & South Island
36 Lowe Street, Addington, Christchurch 8011
0800 546 528
Link Business Christchurch Ltd (Licensed REA08)

Recent business sales



Adventure Business
CANTERBURY
\$670,000



Gastro Pub
ROLLESTON
\$790,000



Manufacturing
CANTERBURY
\$480,000



Temporary Fencing
CHRISTCHURCH
\$445,000



Hydro Café
TWIZEL
\$310,000



Bunsen Cafe
CHRISTCHURCH
\$220,000



Master Franchise
CANTERBURY
\$700,000



Event Design & Hire
NELSON
\$668,700



Auto Workshop
CHRISTCHURCH
\$140,000



Restaurant
CANTERBURY
\$275,000

Market Update

Issue 14

Although we’re fast approaching the end of the calendar year (and a well-deserved break), business certainly isn’t slowing down! A change in government, baby boomers exiting the market, and a consensus that interest rates have peaked has put those interested in buying & selling businesses in a favourable position according to LINK’s Business Development Manager, Steven Matthews.

“The rise in buyer enquiry over the past few months cannot be overstated,” notes Steven. This surge in interest can be accredited to buyer confidence skyrocketing because of a more business-minded government stepping into leadership as well as interest rates forecasted to fall over the next year. “More and more people are looking to seize quality business opportunities, resulting in both buyers and sellers feeling reassured that now is an ideal time to achieve those goals.”.

The expectation that a slew of baby boomers will be exiting the market, particularly over the next few years, is already in full swing. Steven acknowledges that this will become even more apparent well into next year. “2024 looks to be a busy year for business transactions for a range of company sizes and sectors.”.

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Regardless of preference, experience or aspirations, there is no doubt that New Zealand’s business market will be packed with opportunities to pick from. However, Steven emphasises that it’s crucial for buyers to remember that there is no such thing as the ‘perfect’ business, and focusing on the long term is far more important. “Identify the key considerations for your ideal acquisition and be prepared to compromise!” he states. “Buying a business can be your pathway to financial freedom, a better lifestyle, and an opportunity to build equity for you and your family, so don’t get hung up on details that are likely insignificant to the bigger picture,”.

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Steven encourages business owners interested in selling to take advantage of prime market conditions. "Selling is inevitable for every business owner, and doing so according to your own timeframe is essential, but when windows of opportunity present themselves, don't overlook it," However, it's important not to rush things. "Preparation will always be the most important aspect of a successful exit from your business, and

engaging a business broker to assist with identifying and mitigating any risks is a step that vendors should take to ensure the sale process is handled effectively."

As the benefits of business ownership become more widely recognised amongst younger generations, and longtime owners get ready for retirement, one thing remains clear: LINK has never been busier!

The Art of Smart Business Acquisitions: Uncovering Growth Potential

Achieving a successful business acquisition is not just about purchasing an attractive or profitable venture, but also about identifying one that possesses growth potential. When you're considering buying a business, there are a few indicators you can look out for to help you understand what your prospective new company is capable of.

Conducting thorough market research is the foundation of your investigation. This includes a comprehensive analysis of industry trends, the competitive landscape, and emerging market opportunities. You'll want to explore key metrics like market size, growth rates, and customer demand. Exploring niche and untapped markets can be a golden opportunity for future growth.

The scalability of a business is a fundamental determinant of growth potential. Consider whether the business could efficiently expand its operations. This involves scrutinising the existing infrastructure & resources, assessing the staff's capacity to handle increased demand, and exploring possibilities for geographic expansion. Scalability is the linchpin that allows for growth without incurring prohibitive costs. If the business can grow without breaking the bank, it's a good sign.

Every business needs a unique offering, point of difference, or something to help it stand out from the competition. A thorough assessment is necessary to uncover your potential new business's distinctive strengths, which may include proprietary technology, patents, a strong brand, a loyal customer base, or exclusive supplier relationships. A substantial competitive advantage not only sustains growth but also amplifies it, positioning the business as a market leader.

A loyal and expanding customer base is the lifeblood of business growth. Evaluating customer acquisition and retention strategies is essential. Additionally, customer feedback and reviews provide invaluable insights into satisfaction and loyalty levels. A robust and growing customer base serves as the engine that propels sustained growth.

Diversification is a key indicator of a business's growth potential and its commitment to adapting to customer needs. Understanding a business's diversification capabilities involves assessing the business's strategies for introducing new products or services, as well as its plans for entering complementary or related markets. Diversification serves as a multifaceted strategy not only to broaden revenue streams but also to expand the customer base. It acts as a risk mitigation tool while simultaneously creating new avenues for growth. In the realm of business acquisitions, these factors serve as a comprehensive blueprint for sustained success. They offer essential insights into a business's exciting potential for growth. Through meticulous evaluation of these facets, you can make a well-informed investment decision, aligning your endeavours with your growth objectives and increasing the likelihood of a highly rewarding venture.



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When to Sell Your Business: Is There a Right Time?

There is no set-in-stone right or wrong moment to sell your business. Ultimately, after spending years of your time and energy on its success, it's up to you to decide when it's time. But how do you actually make that decision? There are endless reasons why selling your business may be the best choice for you, offering you an opportunity to reap the rewards of your hard work and embark on the next stage of your life.

1. Growth Potential

It's not uncommon for business owners to reach a point where they realise that someone else with a fresh perspective, additional resources, or industry expertise can take their company to new heights. If you believe that your business could flourish even more under new ownership, selling it can be a strategic decision that shows your unwavering commitment to your business's sustained success. The influx of capital and talent that a new owner can bring might just be what your business needs to thrive beyond what you previously thought possible!

2. Pursuing New Opportunities

Entrepreneurs are known for their innovative spirits and the drive to explore new horizons. Perhaps you have a brilliant new business idea or an exciting career path that you're eager to pursue. Therefore, selling your current business can provide the capital and freedom needed to turn your dream into a reality. Selling your current venture doesn't mean abandoning entrepreneurship. Instead, it could be a transition into a new phase of your career.

3. Lack of a Succession Plan

Not all business owners have a clear and viable succession plan in place. Therefore, selling to a qualified, motivated, and serious buyer via enlisting the help of a professional business broker may be the best option. This decision ensures that your hard-earned legacy isn't left in limbo and allows you

to exit on your terms, rather than seeing the business decline without proper leadership.

4. Changing Lifestyle

Naturally, your priorities and preferences evolve over time. If you find yourself yearning for a different lifestyle or a change of scenery, selling your business can provide the means to facilitate your desired transformation. Whether it's moving to a new location, spending more time with your family, or pursuing personal interests, selling your business can offer you the financial and temporal freedom to craft the life you want and deserve.

5. Aligning with Personal Goals

Selling your business can also be the path to achieving your long-term personal goals. Your dreams and aspirations may include early retirement, travel, or pursuing a different career. The financial gain from selling your business can be a catalyst for actualising these goals, making it a strategic move to align your professional and personal aspirations.

If any of these points resonate with you, then it might be time to start thinking about selling your business. It's important to remember that selling your business is not merely an end; it's the beginning of a fresh chapter where you can continue to succeed in different ways while your business rests in other capable hands.



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