

Market Update

Issue 15



What You Need To Know About Selling Your Business In 2024

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Franchise vs. Independent Businesses

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Maximising Profit

Knowing when to sell your business is just as crucial as knowing when to start it!

Recent business sales

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ECommerce / Online
NEW SOUTH WALES
\$1,450,000 + Stock



Professional
BRISBANE
\$1,399,000



Aquatic / Marine
SUNSHINE COAST
\$900,000 + SAV



Professional
MELBOURNE
\$798,000



Advertising & Marketing
GOLD COAST
\$549,000



Hospitality / Retailer
MELBOURNE
\$440,000



Bubble Tea Takeaway
NEW SOUTH WALES
\$330,000



Takeaway Food
BRISBANE
\$135,000 + SAV



Health Spa
SUNSHINE COAST
\$65,000 + SAV



ECommerce / Online
GOLD COAST
\$52,000 + Stock

What you need to know about **selling your business** in 2024

Australia's current business climate is not without its challenges, and it may even seem like there isn't a lot to be positive about right now. However, Wim Janssen, Director of LINK Sunshine Coast & Cairns North Queensland is here to remind business owners and prospective buyers alike that every cloud has a silver lining.

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Business owners are **highly motivated** to sell, pursue other goals, and enjoy the fruits of their labour.

Wim notes that the pandemic has shifted Australia's mentality. It has never been more apparent just how precious time is, and as a result, people are keenly reevaluating their current situations. "Business owners are highly motivated to sell, pursue other goals and enjoy the fruits of their labour while prospective buyers are eager to move away from wage work and explore the rewarding realm of entrepreneurship," Wim explains.

Another significant trend sweeping through Australia is the rise in online purchasing thanks to the unmatched convenience and accessibility it offers. Observing this, Wim says, "The rapid speed of the changing market means that companies are re-designing their processes to keep up with the latest technology, ensuring businesses can tap into much wider markets." This exciting development offers excellent opportunities for business owners to run their business from anywhere with low overheads.

According to Wim, the biggest takeaway is that Australia's business landscape is becoming a buyer's market, benefitting both vendors & purchasers. "More high-quality businesses are coming onto the market, and the demand for them is certainly there, allowing buyers to acquire a company that aligns with their goals, interests and skills."

Emphasising that now is a favourable & realistic time for business owners to sell, Wim says, "A lot is changing in Australia, especially the collective outlook on what defines a good quality of life, so why not capitalise on the action?"

In the evolving world of business in Australia, one thing remains clear: LINK looks forward to happily assisting buyers & sellers in achieving their goals throughout 2024, no matter what obstacles may arise.

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Franchise vs. Independent Business: Making the Right Choice

Deciding between a franchise and an independent business is an important choice for prospective business buyers. Both options come with a series of pros and cons that can help aid in your important decision-making process.

Brand Recognition

The biggest benefit of buying a franchise business is that you don't have to start from nothing! Franchises provide immediate brand recognition, saving time and money spent building trust & awareness with potential customers. You also join a brand that has a preexisting customer base, offering a competitive advantage in crowded markets. Franchisors may also provide marketing support which will aid in brand visibility and customer attraction.

However, there are strict brand standards and marketing strategies that franchises must follow which limits your potential creative and unique marketing decisions. In comparison, independent businesses allow owners to have complete creative control over brand identity and low upfront costs. Though building your brand from scratch can quickly become timely and costly, especially in competitive markets, and without the support and resources of franchisors.

Support Systems

Support from the franchisor can be a major advantage to your franchise businesses. Often franchisees will receive comprehensive training and ongoing operational guidance to navigate business complexities. By operating with established systems, you reduce the risk of failure and have a roadmap for success, leveraging the franchisor expertise.

On the other hand, franchisees must adhere to the operational protocols set by the franchisor, potentially limiting your entrepreneurial freedom. Independent owners can enjoy autonomous decision-making and flexibility. This freedom allows you to experiment with different strategies and pivot as needed without seeking approval from a higher authority.

Operational Freedom

Franchisors provide standardised procedures and infrastructure, ensuring customer experiences are uniformed. With easy access to established resources, you don't have to build systems and infrastructure from scratch. However, an independent business has more freedom to make decisions. You can more quickly respond to market trends, customer feedback or competitive pressures.

Both franchise and independent businesses offer unique opportunities and challenges. Franchises offer brand recognition, support systems, and streamlined operations but come with high costs and limited autonomy. Independent businesses provide flexibility, control, and agility but require effort to establish brand recognition and support systems. Your choice should also depend on your individual goals, preferences, and resources.

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Maximising Profit: **Timing** Your Business Sale

Knowing when to sell your business is just as crucial as knowing when to start it! There are many elements, such as key market indicators and economic factors, that can guide you to successfully maximise the value of your business when you decide to sell.

Keeping an eye on market trends within your industry is essential to understanding if it's the right time to sell your business. Are there emerging technologies, changing consumer preferences, or regulatory shifts affecting your market? A thriving industry can attract more buyers and result in higher sale prices. For industries in growth phases, the market demand for a business like yours can lead to competitive bidding and drive up your sale price.

Your business' financial health is just as important as the wider market. Financial metrics showcasing growth in your business makes it look more attractive and justifies higher valuation. Understanding how similar businesses are valued can also provide insights into the potential selling price of your own business.

Ensure you consider the broader economic indicators such as GDP growth, inflation rates, and interest rates. Favourable lending conditions, such as low interest rates and relaxed lending standards, can increase the pool of qualified buyers and facilitate smoother transactions.

A stronger economy will generally foster investor confidence, potentially resulting in a higher valuation for your business. Also stay informed about any regulatory changes that could impact the sale process.

It can be difficult to pinpoint the right time to sell your business. While 'perfect' may not exist, there are some indicators you can look out for. You should consult with experienced business brokers, such as our team of expert brokers at LINK, and other experts to help you navigate the complexities of selling your business. They can provide valuable insights and guidance tailored to your specific situation.

To maximise your **potential profit**, sell your business when it's performing at its peak.

A strong financial performance, sustainable growth prospects, and a competitive market position will help to increase your business' value. Pay attention to market trends and aim to sell during periods of high demand and favourable economic conditions. Since the market can be unpredictable, avoid waiting for too long!

Be proactive in preparing your business for sale and have a clear exit plan. We know it's hard to figure out when to sell your business, and there are various factors which should influence your decision. LINK can help ease that pressure, to speak with one of our LINK business brokers and discuss whether the time is right, contact us at 0800 546 528.

The numbers just keep getting **better and better**

\$2b+

of businesses listed on our global websites

250+

businesses sold globally per month (avg)

3,000+

businesses for sale internationally

73%

of buyers think about buying a business for up to three years

79%

of buyer prefer an established business

