



SINCE 1979®

Setting a Sale Price for Your Business



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Setting A Sale Price For Your Business

Before selling your business it is important to determine its true value. Too high of a sale price may discourage potential buyers, while too low of a price means that you are selling your business short. Some key factors you need to consider in order to come up with the true value of your business include:

1. Assets

The value of your business is highly dependent on the resale value of both tangible and intangible assets. Tangible assets include property, such as an office site or a plant, as well as equipment, furniture, and even company vehicles. Intangible assets include your intellectual property, such as copyrights and trademarks, as well as employment contracts. When determining the value of your business assets make sure to factor in any liabilities that will be passed on to the new business owner. Include any debt of your business, as well as any upgrading or repair costs that need to be addressed in order for the business to run once again.

2. Profits

Once you have determined the value of what your business *has*, you can begin determining what your business *makes*. This involves analyzing the business's realistic revenue projections. It is necessary to objectively analyze your financials in order to determine what a buyer can expect to make as a result of purchasing your business. Besides analyzing the projected revenue of the business it is important to factor in the costs of running the day-to-day operations of the business.

3. Industry

To get a general idea of the market value of your business you may want to look at the overall industry in which you are operating and the selling price of similar businesses. However, it is important to keep in mind that this may not always offer you an accurate selling price. Small businesses are very unique entities and seldom will you find two that share similarities in terms of product and service offerings, sales volumes, location, customer base, and number of employees. Because of this you should consult a professional who will be able to assess the true value of your business. Although you may be tempted to hire the professionals who quote you the highest sale price, be aware that this may mean your business is being overvalued – and may result in a difficulty to sell!

Although you may want to receive as high of a price for your business it is important that you remain realistic in your approach, as buyers will also want to buy your business for the lowest price possible. Besides arriving at an acceptable price for your business you may also want to consider a settling price and how much leeway you will allow during the negotiation process.

If you found this information useful and you'd like to find out more about how we can help you sell your business for maximum value, please call us on 1-780-469-4769. You can also email us at info@vralta.com or visit our website at www.vralta.com.

About Us

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VR Business Sales has attained the position as Alberta's market leader in the sale of privately owned companies. Our clients choose us because, through our proprietary marketing process, we are able to sell small and mid size businesses for its maximum value than are typically achieved. Since 1979, VR has built up a reputation based on trust, integrity and mutual respect.



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