business for sale

Distressed Business for Sale: Tips to Sell

COVID-19 has had a devastating effect on South African businesses, with many being shut down indefinitely. Even major companies like Ster Kinekor took a huge knock and have had to close their doors, or file for business rescue assistance. Many others are in treacherous waters and have become distressed businesses. But this doesn't necessarily need to spell D-O-O-M. There are people who are specifically looking to buy distressed businesses. If you are a business in distress, there are tips that you can follow to sell your business, and you can do it conveniently online!

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What is a Distressed Business?

A distressed business is one that is having difficulty paying off their financial responsibilities. This can be caused by cash flow issues, sales declining, unforeseen business expenses, or other factors.

How to Sell a Business in Distress

It's a tricky balancing act when it comes to the selling of a distressed business; on the one hand, you need to focus on presenting potential buyers with information that shows them the value of the business, whilst on the other hand, you need be candid about the reasons behind the distress. There are a few ways to entice buyers

without withholding information.

Manage Cash Reserves

Businesses in distress need to properly manage their cash reserves, and avoid unnecessary and careless spending. Good management of cash reserves will look better to an interested buyer than a business that is falling under rapidly due to poor financial management.

Showcase Your Business Model

Potential buyers will want to see a clear demonstration of how your business generates profit (or how it should). This shows off the possibilities of the business and whether there is room for positive improvements (in order to increase in revenue). It also provides clarity on emerging issues or risks that could potentially further damage the business.

Remember Intangible Assets

Oftentimes your intangible assets may not reflect on your balance sheet. Intellectual property such as trademarks and patents can be of significant value to potential buyers, so it's important to keep these in mind while you are presenting your business to them to make it more appealing.

Distressed Business for Sale in South Africa

In conclusion, selling your distressed business may work out better for all parties involved. Buyers who have the capital to pull it out of financial turmoil may generate a massive success, while the sellers of the business will have money to start something else if they wish to.

Whether you're looking to sell your business or to buy a distressed business, we have the platform you need! Contact us for more information.