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Media Release

Macquarie study reveals confidence is low in business sales



6 February 2012 – Less than 50 per cent of people who have sold a business were happy with the outcome, with the initial decision to sell also sparking low levels of confidence, according to the recent ‘Mood, Life & Money – Macquarie Insights’ study from Macquarie Bank.

The study of more than 1,600 people across Australia also revealed that almost one third of business owners sell their business between the ages of 45 and 59, a time when the greatest fear among males is not having enough for retirement.

Terry Lyons, Head of Macquarie Relationship Banking’s legal segment, said there were close ties between exiting a business and planning for retirement:

“Selling a business, or in many cases merging, is often seen as the final step towards retiring. Having enough for retirement is a major concern for many, so it’s critical that the divestment of a business works for the vendor as well as the purchaser. “

Macquarie’s 2011 Legal Benchmarking Survey identified that 30 per cent of legal principals surveyed are planning to retire within the next three years. Mr Lyons attributes this significant focus on retirement to the turmoil of the past few years:

“The retirement plans of many principals took a hit during the height of the global financial crisis, which has led to some having to re-evaluate their exit strategy and timeframe.

“This should be a lesson for principals that they should plan their succession strategies well in advance of their eventual exit, ensuring time and the ability to make adjustments as necessary that will keep them on track to achieve their retirement goals,” added Mr Lyons.

The ‘Mood, Life & Money – Macquarie Insights’ study also revealed that while more than 25 per cent of business owners recognise the value in engaging with a specialist to help them build their business, fewer than one in 10 actively seeks out specialist advice and support.

Mr Lyons commented: “Levels of confidence are low when it comes to selling a business, and the study showed us that confidence is closely linked to knowledge. By seeking advice and insights from specialists, principals can be better equipped with knowledge about succession planning strategies and exit options, which in turn may help to boost their confidence, ensuring a better outcome for all.”

Macquarie Relationship Banking has a specialist focus on succession planning and Mr Lyons recommends five simple tips for success:

- 1. Start planning early** – think about the timeframe you are working towards and your lifestyle goals.
- 2. Identify your successor** - there are numerous options to consider, including selling to co-owners, an external party, and /or senior associates or non equity partners within your firm.
- 3. Make your business sale-ready** – maximise the value of your business by preparing a thorough ‘health check’.
- 4. Do your market research** – make contact with firms looking to acquire. This will lead to a more realistic assessment of what is important to the acquiring firm and offer a range of exit options to consider that may better suit you and the acquiring principles.
- 5. Demonstrate due diligence** - create revenue forecasts, organisational charts, compliance processes, client composition by type of work and employee development plans, showing potential purchasers that you are running a sound and compliant business.

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