

Five Tips to Selling Your Antique Business

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Do you know that over 80% of businesses on the market ultimately do not sell? Most business owners do not have a plan in place for how they will eventually exit their business. Whether you own an antique mall, are an appraiser or auctioneer, or own a publication in the antiques industry, you can implement the five tips below today to make your business more saleable in the future.

Tip #1 – Remove yourself from the business. The number one problem with most businesses in the antiques industry is that YOU are the business, meaning your knowledge and skills are essential to running the business. Appraisers, auctioneers, and others who sell their advice are especially susceptible to this pitfall.

If you walked away from your business, would the business still exist? If the answer is no, then develop a plan to build a business that is separate from yourself. Antique malls, antiques retailers, auction houses, publications, and online auctioneers are all saleable businesses, providing that the business has a distinct identity that is separate from you, the owner.

If you are an appraiser or solo auctioneer, you may need to modify your business model to make the business saleable. To do so, build infrastructure around your business, document your operations, and put contracts in the business name instead of your own to separate yourself from the business.

Tip #2 – Clean up your inventory. If your antiques business has an excessive amount of inventory, then you should normalize your inventory levels before attempting to sell your business. When considering a business to purchase, buyers will take into account the total investment in inventory. For example, if your business is worth \$200,000 without the inventory, then you must add the inventory to the total investment, which would equal \$300,000 if you have \$100,000 in inventory.

If a buyer is considering another business also valued at \$200,000 with \$400,000 in inventory, then the buyer must invest \$600,000 to purchase the business, twice the amount of the first business. Consider liquidating or removing any inventory that may be difficult to sell or that is obsolete. Though you should maintain a reasonable inventory level to sustain your current revenue, antiques businesses with less inventory are usually easier to sell.

Tip #3 – Address staff issues. Address any issues you have with your employees before you begin the process of selling your business. Replace any employees you believe will not be helpful during the transition process with the new buyer. Ask any key employees to sign employment agreements that contain a non-solicitation clause or a non-compete. Put any family members working for the business on your payroll. Pay yourself a salary.

Make sure all employees are on the payroll. You don't want to have months invested in negotiating a deal, only to have one of your employees kill the deal. Hire a professional to help you develop an intelligent exit plan and to help preserve confidentiality so your employees and customer base do not learn about the sale.

Tip #4 – Determine who will buy your business. Determine who the buyer of your business is likely to be. Is it likely to be one of your employees, a competitor, or possibly a related business in another industry? You have three options that are effective ways to sell an antiques business: 1) Advertise it for sale online; 2) Contact competitors or potential buyers directly by phone, email, or fax; or 3) Advertise it for sale in industry publications.

Before advertising, you should first determine your potential buyer. Once you determine who that is, then you should use the method that is appropriate to attract that type of buyer. Advertising your antiques business for sale online is great for targeting a general audience. It attracts a variety buyers and generates the most exposure in the most efficient way possible.

Tip #5 – Clean up your financial statements. A clean set of financial statements makes for a smoother process when selling your business. Document all income and expenses. Discontinue running any personal expenses through the business. Organize all receipts and bank statements. If you normally only prepare a tax return, then begin preparing monthly financial statements as well. Consider having your financial statements reviewed by a third-party professional for errors, inconsistencies, and inaccuracies.

Summary

Selling a business in the antiques industry is considerably different from selling a business in another industry. With smart planning and preparation, you can greatly increase the chances of selling your business.

About the Author: Jacob Orosz is the president of Morgan & Westfield, a nationwide professional services company specializing in the confidential sale and appraisal of small to mid-sized businesses. Jacob has successfully participated in or managed the sale of over 300 privately held companies in both the Main-Street and Middle-Market arenas, representing both buyers and sellers. Jacob can be contacted directly at jacob@morganandwestfield.com or 888-693-7834 x-150.