

Thinking of selling your business?

Three experts suggest how to go about it.

JOHN BROGAN

I have three words if you are thinking of selling your Florida pest control business – ORGANIZE, ORGANIZE, ORGANIZE. I constantly speak with owners of pest control businesses who have built a profitable company, but haven't properly tracked their business in a way that will best position it for sale.

How should I organize my business? Start by keeping good records! Many owners request a business valuation without even knowing how many unique customers the business serves. Organized owners know how many accounts they have, the frequency of service and when each customer started service. Tracking new starts and cancellations can help determine your growth patterns and areas of concern. If you are using a computer software program that provides routing, chemical costs and service times, also make sure it can track your customer accounts.

Once you have customer counts, break down your operations into overall categories such as GHP, L&O, Termite, etc. You will then be able to figure out your revenue for each of the different categories.

Then work on tracking revenue by each service type. The value of a pest control business is primarily determined by the strength of its reoccurring revenue. Your reoccurring revenue accounts will be the "bread and butter" of your operation, the ones that will generate the income stream you will need for running your business.

I have some clients that generate a significant percentage of revenue from one-time services. For example, many of my clients increased their WDOs and termite work when the real estate market was going strong. These may be separate categories from your reoccurring revenue accounts and should be broken out in your records.

ORGANIZE, ORGANIZE, ORGANIZE.

This will help you get the most value when you sell your Florida pest control business. If you are not

thinking of selling in the near term, do it anyway! This will still help you run a more efficient operation.

John Brogan is a business broker with Acquisition Experts LLC (www.acquisitionexperts.net) who specializes in the sale of Florida pest control businesses. John is a Certified Pest Control Operator with 30 years of experience in the pest control industry.

RAND HOLLON

Thinking of selling your business? Who doesn't? It's a big decision – from a financial and from an emotional standpoint. The decision to sell can be overwhelming. HOW to sell your business is just as important.

Do you place an ad? Ask your competitor? Do you put a "For Sale" sign in your yard? Sure. But you want to do more than just sell your business. You want to get the absolute best value for your business. For over 20 years Preferred Business Brokers has been selling pest control businesses and here are a few of the truths we have found that always prevail in a successful sale.

CONFIDENTIALITY

For starters, we know that maintaining confidentiality is critical. (See "When Selling Your Business – Loose Lips Sink Ships" in Florida Pest Pro's Pest Identification Guide, May 2007). The mere rumor of a sale can cause panic among employees – resulting in loss of production and in some cases employees leaving and taking customers with them. Confidentiality and the managed release of information are critical.

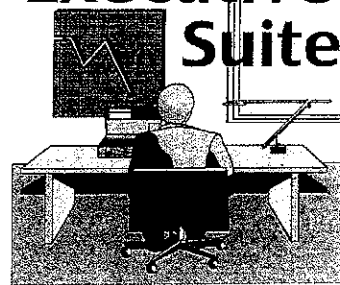
PERFORMANCE

Keep your foot on the gas! When presenting your business for sale it is imperative that you are operating on all cylinders and maintaining the same or better service than before. A well-run business is a valuable commodity in any market.

VALUATION

Know that you are unique. Just like there is no one "right" way to run a pest control business, there is

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also no one "magic" valuation formula that works for all businesses. The job of finding the best buyer is more challenging than just posting a "For Sale" sign. Finding the right buyer for you requires a broad knowledge of the pest industry, the ability to recognize your value in this market and the resources to identify the most qualified buyer for you.

The author has 30 years combined industry experience and exclusively brokers pest, lawn and termite companies at Preferred Business Brokers. Visit www.preferredbusinessbrokers.com or call 1(800)633-5153.

PAM JORDAN WOLF

When we tell owners that their business will probably sell at three to five times adjusted earnings, very few people immediately grasp how enormous that differential can be. For some companies, it works out to thousands – or even hundreds of thousands – of dollars. As a seller, the trick to getting the higher multiple is knowing what buyers want and taking a critical look at your business to see how your operation measures up.

Many pest control business owners think the value of their company is based on the revenues being generated. Revenue is important, but in reality, the two most important questions a buyer will be asking about your business are:

(1) How well does this business "match" what I want to buy? (They often call it "finding the right fit"), and

(2) What is the cash flow and earnings being generated by this business?

While you can't always plan for the perfect "match" that commands the highest multiplier, a well-managed business with good cash flow always sells at a premium.

As you might expect, the fol-