



Analysis of Probability

What is the likelihood of your business to be sold?



Analysis of the probabilities at this moment and what are the possibilities to have a better chance and more options to sell your company, for owners that are serious, decided and dedicated to have their business sold.

Study realized in collaboration with B.A. Boss



Content

Introduction	3
Mynbest.....	3
B.A. Boss S.L.	3
Data of the Client	3
General.....	4
Your company	4
Annexes.....	8
Notes.....	11



Introduction

This report has been realized by B.A. Boss y Mynbest on the request of the client mentioned below.

Since 2003 **B.A. Boss S.L.** has been assisting owners and buyers of companies in transferring the ownership of businesses in Spain.

We have participated directly and indirectly in hundreds of transfers, helping business owners to retire and helping hundreds of entrepreneurs realizing their dream of becoming independent business people.

And along the way, we helped hundreds of suppliers by keeping their clients in business, thousands of employees to keep their jobs and ten thousands of customers by keeping their favorite stores, restaurants, clinics, manufacturers, distributors and service providers open for business.

Mynbest is a group of independent professionals and companies that, among other activities, do research in, and promote studies into the financing possibilities for start-ups and small and medium sized companies (SMEs) and alternative methods to facilitate doing business.

We are mainly interested in the processes that:

- helps the financing and value of SMEs;
- injects funds and means during the start-up fase (new owners/partners) or during the transfer of ownership (change of owners/partners) of SMEs;

Data of the Client

Dossier number:	05021909
Description:	Wholesale
Name owner:	Ann Detail
Age:	40 years
Health:	Healthy



General

There are some important statistics and facts that business owner will need to take into account when they are considering the future of their business in Spain and starting to look for a successor, partner or buyer.

In Spain there are some **3,3 million** businesses of which **1,8 million** are basically one-man shows and self-employed independents (or “autónomos” as they are called in Spain). There are than **1,5 million businesses with employees**.

It is estimated that a **40%** of these companies are owned by men and women that are already older than **60 years!** Therefore it is expected that over the next 5 years an estimated **600,000** businesses will need new owners and managers.

It is obvious that in the market for successions, investors and buyers of companies the demand exceeds the supply.

New entrepreneurs have various options to become independent business owners: they can start from scratch (possibly helped by a government backed loan), they can buy a franchise, invest in an existing company and work as an employee or take over an entire, existing company.

There is obviously more demand for entrepreneurs than there are entrepreneurs. And the retirement of the baby boom generation is making things even worse: over the next few years the number of people in Spain older than 60 years will exceed the “next” generation, people between 30 and 45 years old.

Therefore the business owner that has to find a successor from “outside” (out of his circle of family and friends) has to start preparing him-or herself and his/her company to find an interested party to invest in or buy the business.

Your company

Based on our questionnaire “What are the chances that I will sell my company” we have analyzed the probability that your business has to find a new owner.

We found that the chances that you will find a buyer for your company, in the current condition of your company and the market you operate in, are:

15.1%



This percentage is based on the current situation in the market, the past results of similar companies in the market, the specific description of the company and the offering that you have specified in the questionnaire.

This percentage is an estimate that can help you in deciding how to offer the company for sale and will help you to improve the chances to reach your final objective: the sale of your business.

We have translated this percentage in a minimum number of seriously interested parties or potential buyers that you need to attract:

7

We estimate that, based on these statistics, you will need, without any guarantee of having success:

119 working hours

to dedicate to the process of presenting your business, negotiating and (hopefully) closing a deal.

This means – at a fictitious rate of € 37,33 per hour – that the process will cost you at least **4,456.00€** of your time, plus specific costs of advertising, communications, supplies, representation, consulting, lawyers, notary etc.

You need to take into account that a selling process will normally take between 6 up to 24 months to complete.

It is also important to realise that the big majority of the companies that are looking for a successor and are put up for sale, never are sold in the end. Most companies end up in some sort of liquidation process, in which the assets are sold and the company is closed.

The percentage numbers of businesses sold vary greatly between sectors. You will always find a big rotation in ownership in businesses like bars and restaurants, while in industrial sectors you will not find that many deals and it will take much longer to sell a company.

We found that the probability of success for your business can be increased considerably, up to a percentage of:

26 %

This percentage increase not only means a better chance at selling your business, but it would also mean a considerable reduction of the time you need to invest in the sales process itself. This reduction alone would mean a savings of Euro



Obviously, some measures will need to be taken. We are happy to inform you which measures will lead to an improved chance of being able to sell your business, in a personal conversation at your convenience.

We hope that this report has been useful and will help you to make to right decisions in the process of succession or sale of your company.

Kind regards,

Mynbest/B.A. Boss

A handwritten signature in black ink, appearing to read 'Hendrik J. Oudeman'.

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En colaboración con **B.A. BOSS**



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Annexes:

- **Questionnaire**



I am a _____ woman / man My age is: _____

My health is: _____

Short description of the company:

What is the market of my company (geographically)? *(the neighborhood, the region/district, the province, national or maybe even international):*

What is your motive for selling the company?

Are the books (accounting) up to date? Yes/No

Are the financial records complete and correct?

Are all income and expenses of the company accounted for in the official books? Yes/No

The company has: A "gestor" (a 3rd party bookkeeper) Yes/No

An accountant Yes/No

A lawyer Yes/No

Advisors/consultants Yes/No

Do you know the legal obligations and responsibilities that a former business owner has in Spain? Yes/No

Do you want to keep the sale confidential or may it be publicly known? Yes/No

Would you know already any interested parties for the company? Yes/No

Do you have a recent and formal valuation of your company? Yes/No

Do you have a formal presentation or sale dossier of the company? Yes/No

Do you speak Spanish? Yes/No

How old is the company (since its' constitution)? _____

How many years did you (or your family) had it? _____



- What is the yearly turn-over (last complete year)? _____
- How many hours a week do you yourself work in the company? _____
- How much is your personal income (salary, profit) from the company? _____
- How many employees has the company? _____
- How many “autónomos” (contractors) and other non-payroll employees has the company? _____
- How much do you invest in promotion in a year for the company? _____
- Do you have flyers, brochures or other printed publicity for the company? _____
- How many customers has the company (in a year)? _____
- How many suppliers (for products and services) has the company? _____
- How many competitors has the company? _____
- How many companies did you own (or still own) yourself? _____
- How many companies have you bought? _____
- How many companies have you sold? _____
- The offices, store, premises and/or accomodation are rented or property? _____
- What is your asking price (**without real estate!**)? _____
- What are the selling conditions (% down payment, owners’ financing) that you offer? _____

- Who set the price and the conditions? _____
- How fast do you want to sell the company? _____
- What is your budget (publicity, commissions) for selling the company? _____

Name: _____

e-mail: _____

Telephone: _____

If you do not complete the questionnaire entirely and correctly, the results of the study will not be valid. Save a copy of the filled out form and send it us by e-mail: info@baboss.es

