

## Selling Your Business - Don't Underestimate the Value of your Company's Web Site

Business owners often contact us requesting an introductory meeting. They are contemplating the near to intermediate term exit from their business. The meetings generally have two major themes: 1. The beauty contest - they want to interview merger and acquisition firms or business brokers to evaluate their qualifications and process in comparison with other competitors and 2. Preparation for Sale - what should we be doing in anticipation of putting our company on the market?

One of the questions I ask on their first phone call is, "What is your Web Site address?" As a potential advisor, I want to go to their site and find out all I can about their business in preparation for the first meeting. If they respond that they do not yet have a Web Site, I already know what my top priority recommendation is in response to their questions on preparing their business for sale.

The spectacular growth of the Internet powerhouses Google, Yahoo, and Ebay should convince you that the Internet is dramatically changing the way America does business. Think about your own buying habits. It is so convenient to type in a few key words and have a world of choices presented on your computer screen. Try this simple exercise. Do a Google or Yahoo search of some key words or phrases that a potential customer of your business might use if they were searching for a vendor of your products or services. Does your web site come up? Click on some of the sites that come up on the first page of the search. Look at their Web Sites. Do you think they are getting additional business based on their search result success? Bet on it!

If you had asked me three years ago if I thought that a business owner would hire our firm based on finding us on the Internet, I would have said no. In the last quarter we have gotten two new engagements based on a client's initial Internet search. It does not matter what type of business you run, you simply must have a Web presence. At the very least your company should have a Web Site consisting of "brochure ware". That is very simple and inexpensive to implement. Brochure ware is simply taking your company's collateral material and putting it up on a Web Site. If a buyer is evaluating several potential acquisitions, the absence of a Web Site will be perceived as a negative.

If you are able to integrate your Web Site into your customer service, ordering, order status, documentation, training, etc., (eCommerce) your investment could pay huge dividends when you sell your business. The new reality is that it is considerably more cost effective to conduct eCommerce than traditional commerce. The big payoff comes when potential buyers perceive your eCommerce initiative as scaleable. My translation of this over used term is that a large increase in sales can be accomplished with a small increase in fixed costs. Buyers pay for the potential you create in your business. Buyers make acquisitions to grow and if that growth can be accomplished with improving margins, your selling price will go up.

In real estate, the largest dollar for dollar return on investment for the home seller is their expenditure on landscaping. As a potential business seller, think of your investment in a Web presence in the same light.

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