

# TAX TALKS

Australia's Tax News Podcast - The Podcast for Australian Tax Professionals

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## 218 | DIY Sale of Accounting Practices

Why the DIY sale of accounting practices is fraught with danger.

### DIY Sale of Accounting Practices

You might have been involved in quite a few business sales for your clients, so when the time comes to sell your own practice, why not do it yourself?

This is the question we asked Matthew Taylor, a business broker for accountants. Here is what we learned but please listen in as Matthew Taylor explains all this much better than we ever could.

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### Why Not DIY

When it comes to selling your practice, the biggest competitor for a business broker is .....You.

Y-O-U as in the owner of the accounting practice. You probably deal with business sales and succession all the time. And negotiate deals on behalf of your clients, review terms and conditions and discussed succession plans. All without a business broker.

So when it comes to selling your accounting practice – why not do it yourself? You did it before. Why not now?

### Real Estate Agents Don't Do It

Ask any real estate agent you know whether they would sell their own home? And 9,999 out of 10,000 times the answer will be a very clear No. Make sure you never engage the one who says Yes – they clearly have no idea.

There is a whole bunch of reasons why real estate agents never sell their own homes.

### Why Not DIY

And for the same reasons that real estate agents never sell their own homes, you shouldn't sell your own practice. Here are 9 reasons why a DIY sale of accounting practices is fraught with danger.

### # 1 Emotional Attachment

Of course you are emotionally attached to your practice. As much as you try not to, of course you are. And with emotional attachment comes clouded thinking.

## **# 2 Lack of Experience**

Business brokers of accounting practices sell accounting firms every day of the week, but you don't. And so you are not aware of all the ins and outs of selling accounting practices. You are not up to date in the current market. There is a lot more than meets the eye.

## **# 3 Buyers Smell a Bargain**

The moment you try to sell your own practice buyers smell a bargain. Buyers might be seasoned buyers with many acquisitions under their belt. They might have a business broker on the side quietly advising them. Chances are they are way ahead of you. And you won't even see them coming.

## **# 4 Looks Unprofessional**

Trying to sell your own practice makes you look unprofessional. And that reduces the price straight away. Buyers become opportunistic.

## **# 5 Damages Your Business**

Selling a practice requires time and focus. Any time and focus you devote to selling is time and focus taken away from your practice. As a result, your practice will suffer and you damage the product you are trying to sell.

## **# 6 Harms Your Relationship**

Negotiating a sale involves a lot of back and forth. People play games. Change their minds. Without a business broker in between, your relationship with the buyer will probably suffer.

## **# 7 Hinders a Smooth Transition**

The most important aspect of a successful sale is a smooth transition. When the transition goes badly, clients walk – reducing your final payout. And that will hit your back pocket more than anything else.

The most important condition for a smooth transition is that you get along with the buyer. And that relationship will have suffered if you negotiated the sale yourself.

## **# 8 Less Competition**

You don't have a big database of buyers. You don't know how to get the word out the way a business broker does. And so you will attract a lot less interest. Less competition means lower prices.

## **# 9 Less Choice**

The wrong buyer will send your clients walking, reducing your payout. So you need to carefully choose the right buyer for your firm. But when you do a DIY sale, you will have little to no choice who buys your firm, since there won't be many takers in the first place.

## **# 10 Missing Terms & Conditions**

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You don't know what you don't know. You don't know where the common pain points are in a sale. What is really important to put into writing and what not. And so you are likely to miss a crucial point in the negotiations. And you won't realise until it is too late.

So this is just a short summary of some of the things we learned from talking to Matthew Taylor. But please listen in as Matthew goes into a lot more detail.

## MORE

[How to Choose a Buyer](#)

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