

TAX TALKS

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

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219 | How To Sell Your Practice

How to sell your practice when you had enough and want out?

How To Sell Your Practice

Here are 9 tips about how to sell your practice, we picked up from this interview with Matthew Taylor, business broker for accounting practices.

But please listen to the actual interview as Matthew Taylor explains all this much better than we ever could.

To listen while you drive, walk or work, just access the episode through a free podcast app on your mobile phone.

How To Sell Your Practice

Here are 9 tips Matthew Taylor shares in this interview. There is more but these are the 9 that stood out in our minds.

1 Sell While Up

This is probably the most important of all. Sell the practice while the practice is performing, the numbers are up and you still enjoy the work. You are selling relationships. And your product suffers, when you are tired, frustrated and just had enough.

You think you might be able to hide it, but most people can't. Clients and buyers will pick it up.

The transition is also a lot harder and a lot less likely to go smoothly, when you run out of energy. So get out while you are still on the high and enjoying it.

2 Mind the Transition

The main thing that can go wrong in an acquisition is the transition. It is really important that both the purchaser and the seller work well together and communicate what is happening.

You have to protect the client relationship. And you do that by giving clients a clear path forward.

3 Cuddle Your Clients

Clients don't like being sold. So you need to package the sale as a good-news story. You need to tell them what is in it for them. That they are going to be part of something bigger and better. And give them plenty of VIP treatment.

Make sure they don't feel dumped. This is really important during the transition period.

4 Watch Capacity

Being already at capacity and then buying a new practice is doomed for failure. So make sure that the buyer has enough capacity to service your clients.

Make sure you and your buyer are geared up to manage the communication and introduction in addition to the actual service work. Have a clear idea who will do what and when.

5 Pick Staff

Acquisition can be a great way to receive and retain talent. And staff often has a closer relationship with a client than the principal – so crucial to maintaining the client.

Generally, the bigger you are as the seller, the more staff the buyer will need to retain to service your clients.

6 Quote Fee Income Net of GST

When you discuss fee volumes, always quote net of GST. The actual purchase price of an accounting practice with a fee volume below \$1m is usually calculated based on fee volume. And this volume is determined net of GST.

7 Understand the Business Structure

Who actually owns your practice and since when? This will affect to what extent you might qualify for the small business CGT concessions and other small business tax concessions.

8 Clarify the Lease Period

Banks want some certainty around the lease period, before they lend. So give the buyer a long enough lease period, if they want to move into your location.

The banks ideally would like to see 10 years left on the lease before they lend, but 4 to 6 years left is still acceptable. And that might be made up of options (eg. 3-by-3-by 3).

9 Give a Right of First Refusal

Some buyers will want to see a right of first refusal as a condition of the lease. To make sure they get first choice to buy.

Worst case scenario for your buyer is that you sell to another accounting practice and that other practice kicks your buyer out of the building – and then takes their walk-in traffic.

8 and # 9 of course only apply if the buyer wants to move into your office. Most buyers don't. Most buyers just want your clients and staff, but neither your office nor your brand.

This is just a short summary of what we learned from this episode. Please listen to this episode as Matthew Taylor explains all this in much more detail.

MORE

[How to Choose a Buyer](#)

[DIY Sale of Accounting Practices](#)

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