

Considerations When Selling Your Payroll Company



You've invested significant time and resources into making your business the success it is today. Therefore, when you contemplate selling your payroll company, it should be approached with careful and informed decision-making.

We understand you may feel uncertain about where to begin, so we created a checklist of essential considerations to help you prepare for a seamless and successful sale of your payroll company.

Perspective Evaluation

Define your reasoning for selling your company.

Have a clear understanding of what you want from the sale.

Establish your sale's non-negotiable terms and the items open to discussion.

Identify whom this sale will affect and know which stakeholders (if any) to consider when weighing your selling options.

Take inventory of how the sale of your company will affect you on a personal level.

Ensure the value of the deal matches the time and resources you've put into the business.

Company Documentation

Compile accurate and up-to-date financial records, such as income statements, balance sheets, and cash flow statements.

Ensure there are no outstanding liabilities for your company. For example, verify that all tax obligations are current and there are no pending lawsuits.

Present the value of your business's financial performance and prepare revenue, profit margins, and growth trend numbers.

Document any intellectual property, such as trademarks or copyrights.

Gather other relevant documents like key vendors' agreements or employee retention agreements.

Buyer Alignment

Thoroughly research who wants to purchase your company.

Understand the buyer's priorities and see if they align with your company's.

Ask about the buyer's vision for the company to determine whether you share a common goal for its future.

Learn if you and the buyer operate under similar business models.

Define what a positive workplace culture looks like to the buyer.

Ensure that the buyer is a reputable party with significant experience in executing transactions and taking care of acquired customers. Check references and ask for migrated customers' testimonials.

Operational Integration

Inform the buyer of any proprietary technology owned by your business.

Determine if the buyer has a national footprint.

Align the timing of the sale to make for a successful acquisition.

Ensure that technology and current systems are up to date and transferable to the buyer.

Understand if other solutions beyond payroll are offered as a part of their business model – this will add value to your clients in future and ensure their satisfaction and retention.

Ask about the buyer's service and customer support organizations. Make sure the buyer has enough resources to appropriately migrate, support, and service your clients.

Inquire about the acquiring company's average client conversion and retention rates.

Are you considering selling your payroll company?
Paychex is here to help.

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