

AMAZING.com

**SELLING AN AMAZON BUSINESS
FOR TOP DOLLAR**

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Why Sell an Amazon Business?

- ❑ Like any other business, your Seller Central Account has value!
- ❑ Strategies to selling an Amazon Business
- ❑ What is actually sold/transferred in the transaction?



When to sell an Amazon Business

- ❑ How old is your company – why is this important?
- ❑ Have your annualized earnings surpassed \$50,000?
- ❑ Are you growing Year Over Year & Month over Month?



Valuation

- 3-5X Earnings – a “standard” multiple range
- Generally based off of Trailing Twelve Month Earnings (**only for non-growth or low-growth companies**)
- Growth Companies that are trending up usually achieve higher multiples
- Other value propositions and business factors can positively impact sales price
- Calculating Earnings in the sale of a Small Business
- Sample Deals

Earnings Calculations

- Small Business vs Middle Market
 - ▣ Small Business Earnings (<\$10M in Revenue)
 - Usually identified as Seller Discretionary Earnings:
 - Net Income + Add Backs
 - Add Backs: 1 Time Business Expenses + Personal Expenses + Owners' Salaries [less] the cost of Employee Salaries to replace ownership)
 - ▣ Middle Market Earnings (>\$10M in Revenue)
 - Multiple of EBITDA is most common
 - Middle Market can achieve higher multiples

Sample Valuation Calculation

□ **Sample Amazon Business Assumptions:**

- \$1,000,000 Revenue
- \$250,000 in Earnings
- 20% Year over Year Growth Rate
- Branded Consumer Products
- There are hundreds of other factors that drive the multiple of a business - they can't all be listed here – so our assumptions do not include anything other than Revenue, Earnings, Branded Products and Growth Rate. A more accurate multiple range can only be calculated after a full analysis of the company.

□ **Results:**

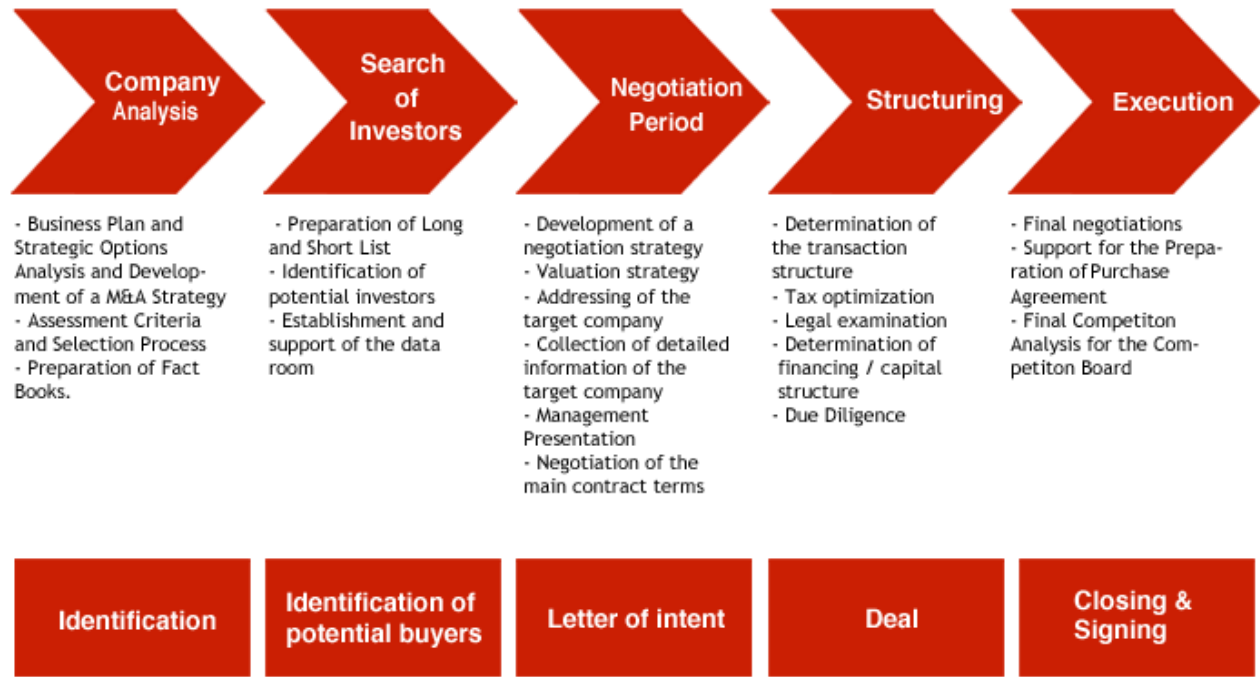
- “Standard” Valuation Range: \$750,000 - \$1,250,000 for this sample business (3-5X Earnings)

□ **Caveat:**

- Every business is different, so sometimes companies are worth more than the “standard” value range. This sample is discussed only to show the manner in which the range is calculated – not the factors that drive the multiple.
- Hundreds of other factors in a business could easily reduce or increase a company’s enterprise value – working with a brokerage that focuses on Digital Companies (especially Amazon companies) will allow you to achieve the highest possible multiple in the market.

□ **High Growth & Middle Market Companies:**

- High Growth & Middle Market Companies have a different valuation model and trade at higher effective multiples.
- An element of future earnings is included in the valuation – the brokerage can only structure the valuation after deep analysis.



The Process of Selling an Amazon Business

Your Business

What type of business do you operate?

- ▣ Multi-Channel or Amazon only?
- ▣ FBA, Seller Fulfilled or Mix
- ▣ International in Scope
- ▣ Branded vs Non-branded

Maximizing the value of your business

- ▣ Sell on the upswing
- ▣ Diversify & reduce risk
- ▣ Keep inventory high
- ▣ Maintain growth

Increasing Value

What are some ways to increase the value of your business?

- ❑ Expand Internationally through other Amazon platforms
- ❑ Sell products directly on a branded website to diversify sales channels
- ❑ Develop Brand Ambassadors
- ❑ Develop a Subscription / Recurring Revenue model
- ❑ Create brands – don't just sell other people's products
- ❑ Register Trademarks to protect the brand
- ❑ Protect product lines through contracts
 - Example: Ask a vendor to sign an agreement with you so that it will only supply you with that product
- ❑ Sell at the beginning of a scale opportunity to excite suitors
 - Example: Begin selling in a new category and launch marketing efforts at the time the business is placed on the market – this immediate growth spurt – along with growth during due diligence – will drive demand for your business
- ❑ Sell your business while it's in growth mode – high growth companies achieve higher multiples
- ❑ Expand the company into other online marketplaces (Walmart, Jet, eBay, Rakuten, etc.)
- ❑ Develop a Wholesale side of the business for Big Box stores

Lending & Structures

- Small Business Administration's 7(A) Loan Program
- Packing Loans and the Underwriting Process
- Most small business loans fail underwriting – our proprietary system for advancing deals through the bank process is tried and true – which means more money at the closing table for sellers.
- Typical Buyout Structures (from LOI to Final Docs)
- Asset vs Stock/Unit Sale
- Deal Statistics
 - Average Number of Deals in Process
 - Average Deal Sizes
 - Average Monthly Closing Stats
 - Average Time to Close

The Amazing.com & WebsiteClosers Partnership

- ❑ WebsiteClosers is 100% Success Based – no commission until the deal closes.
- ❑ WebsiteClosers handles the entire transaction process, including company analysis, valuation, deal prep, marketing, buyer search, negotiations, due diligence assistance, deal structuring, document prep and negotiations, and the closing process
- ❑ WebsiteClosers handles the lending process for buyers – packaging the deal and managing underwriting to ensure success. 70% of all WebsiteClosers deals go bank.
- ❑ The brokerage has a tens of thousands of followers all around the world, including wealthy investors, Private Equity and Institutional Buyers – finding a buyer is never a problem.
- ❑ The brokerage has many professionals in its network, including lawyers, CPAs, bookkeepers, tax professional, consultants and advisors – all of whom can assist in the process of closing the business in the best interest of the seller.

Q&A

Facebook Questions:

- What level do we need to aspire to - to consider having a business worth selling in terms of revenue?
- What metrics do they look at, when valuing your business?
- Does the x7 profit to value apply to Amazon Business's?
- If you have multiple brands under one corporate umbrella, how do they handle the valuation?
- When is the right time to sell and how to increase the value of the company?
- What legal structure of the company is needed and what special legal requirements are necessary before selling a brand?
- What is the transfer of assets process and how does the payment and transfer process work?
- Can the business and brand be sold without actually selling the Amazon account?
- How is unsold inventory taken into account?
- Looking to buy a business – can you explain that process too?

Other Questions?

Contact



Please visit the below link to learn more about the WebsiteClosers.com and Amazing.com relationship, and to connect with the brokerage to begin the process of selling your company:

Website Link: <https://go.amazing.com/legacy>