

# TIPS FOR VENDORS

## Professionally Marketing your Most Valuable Asset

**You are thinking of selling your management rights? One of the most important aspects of entering into such an endeavour is to seek out professional assistance. You will have heard or read it many times that you should only use professionals who have long, hard experience in management rights and this is the most important factor to remember. So many contracts are put in jeopardy because of insufficient or unprofessional preparation for sale.**

And, let's face it, this is probably your most valuable asset.

Management rights is not just another business. It has an extremely unique set of circumstances such as dealing with unit owners, bodies corporate, intense regulation, complex agreements and dealing with the renting or travelling public while, all this time, trying to make all parties happy.

The person you select to sell your business must be fully conversant with the management rights business. It is not just 'another business' sale. There are far-reaching ramifications, especially when insufficient due diligence is not properly carried out, the presentation of the property in question is not at its peak or the owners are indifferent or overzealous to the sale.

A management rights sales professional knows how to value, document, promote and seal a binding contract on such a business avoiding any of the many pitfalls that can present themselves en-route to finality.

This is the first member of your necessary triumvirate of a management rights sales team. The



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others are a solicitor and accountant, all consummate professionals.

The big obstacle a vendor faces is due diligence investigation by the buyer's own professional triad. To this end the vendor must ensure that accurate and verified profit and loss documentation for the previous 12 months is on hand.

Over the years I have occasionally seen a vendor, who did not produce a P&L, achieve a higher net income than on the contract, hence they undersold their business!

Of course, the reverse can happen as well, resulting in a disgruntled and, possibly, litigious buyer.

Another hurdle may be price.

An experienced agent is at the coalface and works with the vendor to introduce their product to the buyers but an overpriced property will sit there indefinitely as the buyers



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## tips for vendors: marketing

often will not inspect because it is too expensive.

The very best scenario when selling the property is to have the unit professionally valued. This will enable the agent to promote the property accurately.

This is a very important factor for you as well, as some unit prices have risen considerably.

For this you need experienced and professional valuation, accounts and legal advice.

For your selling agent to do their job properly, that is to find a buyer for your management rights business at the best possible price, the agent will depend largely on what is produced by these experts. The agent must act on their documentation as irrefutable evidence of the state of your business.

The agent, likewise, must depend on you, the vendor.

You must be in a mood to sell and therefore have all the facts and figures (as can be verified by your professional advisors) at your fingertips. Your agent will also help you prepare all of the information you may be required to provide a prospective buyer.

Above all, don't be too laid back toward a possible purchaser or too enthusiastic during the inspection process. You must

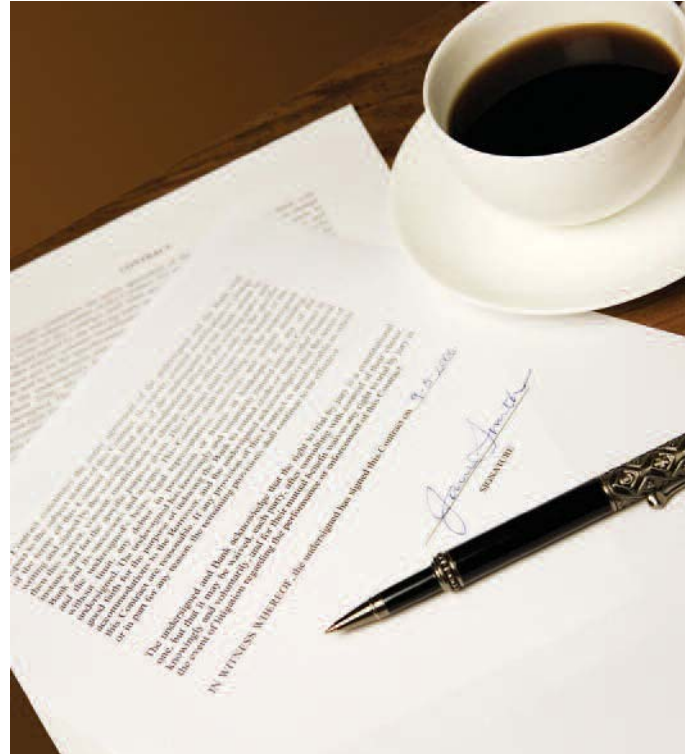
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also be professional at this time. In fact, the term is “happily busy”.

And the most important thing you must attend to is the presentation of the property itself, landscaping, show unit and public areas. You may get little warning if an opportunistic, impetuous buyer arrives in town and wants to do a deal. Once your business goes on the market, it must be impeccable.

What can you expect from your agent?

First, agents are honour-bound to give priority to their sole agency listings, not unnaturally. Apart from the obvious benefit of your business having priority over general listings, there are



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the elements of knowledge (an agent is going to go all out to know everything they can about your operation) and security (you may not want others – like your body corporate – to know your business up for sale).

Secondly, commission is negotiable.

Thirdly, the agent will lead you and the buyer through the whole

negotiation and contract process, liaising with both sets of professionals as well as assisting you in the processes of body corporate approval and any renegotiation of agreements that may be necessary.

It doesn't end there. The agent will also be around to ensure the handover is successfully accomplished for both parties.

The association you will have with your agent (and other professional advisors) through this period is likely to be for up to four months, so it is vital you and your agent have a trusting and happy rapport.

You are selling your most valuable asset, something you have poured many hours of effort and a large financial investment, so let's market it in the most professional and rewarding way possible. **m**

**Liz Lavender**  
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