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Top Tips for Improving the Value of your Manufacturing Business

Selling a business can be a once in a lifetime event that could fund your retirement or deliver a significant capital event. If you are considering selling your manufacturing business in the next 2-5 years, these tips may help to improve the value and saleability of your operation.

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Improve Operational Efficiency

Lean Manufacturing

Adopt lean principles to reduce waste, increase productivity, and streamline processes across your production floor.

Automation & Technology

Invest in automation, robotics, and digital tools (like ERP systems) to boost efficiency and data accuracy.

Supply Chain Optimisation

Diversify suppliers and negotiate better terms to reduce cost and risk in your procurement processes.

Strengthen Financial Performance

Gross Margin Focus

Increase prices where feasible or reduce direct costs to boost margins. A strong gross margin demonstrates efficiency and pricing power to potential buyers.

Regularly review your product portfolio to identify which items deliver the highest margins and consider phasing out underperforming lines.

Recurring Revenue

Develop service contracts, maintenance plans, or subscription models where possible. Predictable revenue streams are highly valued by acquirers.

Consider offering extended warranties, preventative maintenance packages, or consumable supply agreements to create ongoing customer relationships.

Cash Flow Management

Improve receivables collection and manage working capital tightly. Strong cash conversion demonstrates operational discipline and reduces the working capital a buyer would need to inject.

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Invest in People & Skills

Upskilling

Train staff in modern manufacturing techniques, compliance requirements, and quality standards. A skilled workforce is a valuable asset that increases business resilience.

Succession Planning

Ensure key roles are not overly reliant on the owner or a few individuals. Document processes and cross-train employees to reduce key person risk.

Build a Management Team

Develop a leadership team that can run the business without the owner's daily involvement. This is one of the key attribute's buyers look for when purchasing a business.

Investing in your team not only improves current operations but also demonstrates to potential buyers that the business can continue to thrive after acquisition. Consider implementing formal training programmes and regular performance reviews to foster continuous improvement.