

Surveying the Business Scene: How Many Sell?

One of the most frequently-asked questions by those looking at the independent business scene is: "How many are for sale?" Right on the heels of that question comes another: "How many actually sell?"

To determine how many of these businesses are for sale at any one time, and what percentage of these get sold, it is necessary first to define terms by business category. The industry groups that account for the majority of small to mid-sized business sales are: manufacturing, wholesale trade, retail trade, business and personal services, and household/miscellaneous services. Using these categories as components, the total number of businesses that apply to our "survey" is approximately 6.3 million.

Of this total, businesses that are for sale at any one time account for roughly 20 percent. There is naturally going to be a higher percentage of businesses for sale that employ four or less workers, but some independent business experts feel that fewer of these businesses--at least percentage-wise--sell than do the larger ones. Of those businesses with four or less employees, one expert's estimate is that one out of six actually sells; with five to nine employees, about one out of five sells; and the trend continues. (See accompanying chart for percentages broken down by number of employees.)

Why is the actual-sale percentage lower for very small businesses? Many factors operate to affect this tendency. For example, the much smaller business may suffer more from unsubstantiated income or inaccurate financial information. Some owners may not be realistic in their pricing or simply aren't serious about selling (problems that can threaten the sale of a business at any level). Still others may simply pay the bills and close the doors.

However, no matter what the percentages show, a business owner considering putting a company on the market should remember this: most businesses are salable if the seller is realistic in assessing value and is aware that the marketplace is the final arbiter of the selling price.

Number of Employees	% for Sale	Number that Sell
1-4	20%	1 out of 6
5-9	20%	1 out of 5
10-19	15%	1 out of 4
20-49	15%	1 out of 4
50-99	10%	1 out of 4
100-249	10%	1 out of 4
250+	10%	1 out of 3