

Ten Rules to Follow When Selling Your Business to a Third Party

These ten rules will help you maximize the sale price of your business as well as help you maintain your sanity throughout the process

1. Prepare for the sale well in advance. Be sure your records are complete for the last several years. Do all pertinent legal or accounting “house cleaning.”
2. Anticipate information the buyer may request to obtain financing. The buyer will need appraisals on all business assets as well as information to satisfy environmental regulations.
3. Expect transition experts and other trusted advisors to sign confidentiality agreements. A breach of confidentiality surrounding the sale of a business can change the course of the transaction.
4. Get an independent valuation then price your business. Several pricing conventions exist. Seek a trusted advisor, if needed.
5. Carry on “business as usual.” Don’t become so obsessed with the transaction that you lose your focus on day-to-day demands impacting profits.
6. Achieve leverage through buyer competition. If feasible, create a competitive situation with buyers to position you better in the deal.
7. Be flexible. For instance, don’t be the kind of seller who wants all cash at the closing, or who won’t accept any contingent payments or an asset transaction.
8. Negotiate, don’t “dominate.” You’re used to being your own boss, but prepare for a buyer who also may be accustomed to having his/her own way.
9. Keep time from dragging down the deal. To maintain momentum, work with your trusted advisors to be sure that potential buyers stay on an agreed to time schedule.
10. Be willing to stay involved. Even if you are feeling “burnt-out,” realize that the buyer may want you to stay within arm’s reach for a while.

Helping business owners protect, preserve and pursue more value from their business, more tax efficiently! ®

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