

Selling Your Business? Follow These Ten Commandments To Avoid Wrecking the Deal

1. Place a reasonable price on your business. Since an inflated figure either turns off or slows down potential buyers, rely on your business broker to help you arrive at the best “win-win” price.
2. Carry on “business as usual.” Don’t become so obsessed with the transaction that your attention wavers from day-to-day demands, affecting sales, costs, and profits. Since the selling process could take some time, the buyer needs to keep seeing a healthy business.
3. Engage experts to insure confidentiality. A breach of confidentiality surrounding the sale of a business can change the course of the transaction. Expert intermediaries can channel the process and the parties involved to keep the sale within safely silent bounds.
4. Prepare for the sale well in advance. Be sure your records are complete for at least several years back and do all pertinent legal or accounting “housecleaning” – as well as a literal sprucing-up of the plant or store.
5. Anticipate information the buyer may request. In order to obtain financing, the buyer will need appraisals on assets, such as real estate, as well as information to satisfy environmental regulations (when real estate is concerned).
6. Achieve leverage through buyer competition. This can be tricky; you are wise to let your business broker, as a third party, create a competitive situation with buyers to position you better in the deal.
7. Be flexible. 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. Depend on the advice of your business broker – their knowledge of financing and tax implications – to keep the deal sweet instead of sour.
8. Negotiate; don’t “dominate.” You’re used to being your own boss, but be prepared to learn that the buyer may be used to having his way, too. With your business broker’s help, decide ahead of time when “to hold” and when “to fold,”
9. Keep time from dragging down the deal. To keep the momentum up, work with your business broker to be sure that potential buyers stay on a time schedule and that offers move in a timely fashion.

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. Consult with business brokers to determine how you can best effect a smooth transition.