

Get ready to sell your business

Mary Klest, Eons contributor



When you own a company, your energy and know how make the business go. However, selling your business may require different skills. Before you make any moves in this direction, it's important to plan well so that you get the rewards you deserve. Here are some suggestions.

Plan for the sale

First, make sure you understand your personal and financial goals for a possible sale. What do you hope to gain, and who do you want to be after the company is gone?

Then, if you are certain that you are ready to sell, assess the market to see whether the timing might be right, and start taking actions that will attract the kind of buyer you are looking for.

- Assemble three years of audited financial records, including tax returns, profit & loss statements, balance sheets, and monthly bank statements.
- Review management capabilities. If you are the only one driving the company, think about hiring a professional manager who will stay on when the company is sold.
- List all of the equipment being sold with the business.
- Have the business evaluated by an objective professional.
- Describe in writing any challenges your company faces and how you are tackling them. Be forthright; you will want to attract serious buyers and negotiate in good faith.

Prepare yourself

It's also important to prepare yourself psychologically for the sale. Sentiment has a place in the heart, but not the head, when selling a business.

A recent study by the Center for Women's Business Research, showed that women look at selling their businesses differently from the way men do. Although both are equally motivated by potential profits, women

are much more likely to take into consideration the sale's potential impact on the company's employees.

In addition, whether you are male or female, it's easy for emotions to distort your thinking during the sales process, says Rick Rickertson, partner in a Washington D.C. private equity firm and author of *Selling Your Business Your Way*. "Buyers want to know what the company is worth, not what you think the company is worth."

Doug McConnell, who manages a boutique investment firm that advises small companies on sales transactions, emphasizes that it's critical to get over the psychological hurdles quickly so that you can keep your company from going stale and actually losing value.

Choose qualified advisors

Experienced, trusted advisors who are knowledgeable industry insiders can help you get through the emotional entanglement. A board of directors can serve as a sounding board, but Rickertsen cautions against using the company accountant or your brother-in-law divorce attorney for a sales transaction. "Relevant background experience is important. Sellers need a good securities lawyer and an accountant experienced in transactions." Get these advisors involved two to three years before you sell the company, Rickertsen advises.

Since finding a buyer is laborious, many owners engage mergers and acquisitions advisors so they can keep their own focus on running the business. Advisors can often provide advantages unknown to the sellers, says McConnell.

For example, when three partners in a garage door company received an unsolicited offer from a potential buyer, they asked McConnell to evaluate it. After reviewing the deal using a cash flow model, McConnell told them they could get more. By taking a disciplined approach, they were able to attract the interest of another company in Honolulu that was willing to pay 100 percent more than the initial offer and keep on one of the partners who wanted to continue running the company.

If you feel you can't afford a consultant, you can get free advice by emailing a volunteer at SCORE (www.score.org) or looking for articles on the federal government's Small Business Administration (<http://sba.gov/>) Web site. Keep in mind that no one knows your company like you do; any expert that you turn to should personally review data specific to your company before making recommendations.

A time to grow

If you go about it in a careful, reasonable way, selling your business can open up opportunities for personal growth and enjoyment. When Paul Heinze, 66, decided to sell his fourth-generation family business after determining that the markets had changed and the business was no longer viable, he became so enamored with the sales process that he decided to become a business advisor. Now, he consults with small and privately owned businesses. He also takes his passion to the airwaves, hosting the Small Business Advisors Show, a radio program he created for WRMN in Elgin, Illinois.

You can do it!

In addition to the preparation and planning suggestions above, here are some tips for selling your business.

- Before giving out any information to potential buyers, have them sign and date a Non-Disclosure/Confidentiality Agreement.
- Make sure any potential buyers have the necessary financing in place.
- Keep negotiating until you meet your goals. Get the signed purchase agreement into escrow

immediately.

- Try to line up two or three potential buyers who will be willing to take your buyer's place if the deal falls through.
- Resist greed. You may end up with nothing.

PEOPLE:

Rick Rickertsen, managing partner, Pine Creek Partners, a private equity firm in Washington, D.C.. Author of *Selling Your Business Your Way*.

Doug McConnell, Halyard Advisors, Chicago.

Paul Heinze, Paul M. Heinze Company, Barrington Hills, Illinois

WEBSITES:

Small Business Administration: www.sba.gov

<http://www.sba.gov/gopher/Business-Development/Success-Series/Vol4/Sell/sell1.txt>

Score.org For a listing of articles about selling your business.

<http://www.score.org/cgi/search.cgi?keys=sell+a+business>

Articles and resources on selling your business

<http://www.sbinformation.about.com/od/buyingorselling/>

Mary Klest

Eons contributor

Mary Klest is a Chicago area freelance writer. Visit her Web site at www.maryklest.com.

Comments

[Add a comment](#) [View all comments](#)



-

posted by [Woofsdog](#) 359 days ago

This is great information. I own 2 businesses and will be thinking about selling in the next year or so.

[Reply to Comment](#) [Send Private Message](#)

[Add a comment](#) [View all comments](#)

[BOOM it](#)

- [Email to a friend](#)
- [View Money Archive](#)

Related Links

- Money: [How to choose a financial adviser](#)
- LifeDreams: [Become debt free](#)
- Group: [Money & Careers](#)

Eons Picks



[Eons Health Central](#)

Get started in conversational health



[Concerned about medication safety?](#)

Let the Humana pharmacist help with your questions on medication safety.



[How To Do Eons](#)

Read our How-To guides and jump on in

[Eons Longevity Calculator](#)

Take the Eons Longevity Calculator and discover how many years you still have to achieve your dreams!

www.eons.com