



## **The Secret of Selling Your Business And Getting What It's Really Worth**

### **Are You Ready to Sell Your Business?**

The decision to sell your business is not one to be taken lightly. Letting go of the enterprise that you've built involves careful planning and serious consideration of the financial, legal, tax, lifestyle and emotional matters you'll be facing.

At Sunbelt, we understand the issues and we'll help alleviate much of the anxiety traditionally associated with such a significant undertaking. With 30 years of experience helping owners like you sell their businesses for top dollar, our intermediaries will walk you through the entire process, step-by-step, and provide the expertise and support you need to get the results you deserve.

### **Planning and Preparation are Critical!**

Because there are so many considerations that will affect the value of your business, your after tax proceeds, and the attractiveness of your business in the marketplace, proper planning and preparation can make a huge difference in the outcome of the sales process.

We encourage all entrepreneurs to control the circumstances that affect the value of their businesses and to constantly build for maximum return on investment. Every step you take to prepare your business for sale will ultimately create a more enjoyable and more productive business environment for you to work in. It will also ensure that you're ready when the right opportunity comes along.

### **A Word of Caution**

Research indicates that in the next 5 to 10 years, Baby Boom entrepreneurs will be retiring in record numbers. It is anticipated that 70% of privately held businesses will change ownership during this time frame. Never in history has a change in small business ownership of this magnitude occurred.

That means that if you're a Baby Boom entrepreneur, you might be selling into the most competitive marketplace that has ever existed. A competitive market means it's likely that only the most attractive and well prepared businesses will sell for what they're worth.

The following tips will provide you with valuable insights into the process of selling your business. We invite you to contact a Sunbelt Representative for a complementary consultation about how we can assist you to achieve optimum success in selling your business.

## 1. Determine Your Goals in Selling Your Business

- Define and thoroughly evaluate your reasons for selling
- Consider what alternatives there might be to selling
- Determine if selling is indeed your best option at this point in time
- Work with a financial planner and tax lawyer to structure optimal transaction strategies and your best approach to managing the proceeds of the sale (Ask your intermediary for recommendations)
- Determine if the proceeds of the sale will provide the funds you require to sustain your lifestyle
- Evaluate your optimal terms and conditions for sale
- Determine the best possible timing for you
  - Are you ready for your retirement?
  - What will you do once you sell your business?
  - How does your family feel about selling?
  - Will selling satisfy your financial needs for retirement or other pursuits?
  - Are you interested in continuing to work in the business?
  - Do you plan to buy another business?

## 2. Understand the Factors Affecting Value

- Get a professional appraisal done by qualified experts with a credible track record
- Understand the value drivers that will affect the sale price of your business
- Consider your potential for increasing value if you make strategic improvements
- Decide if the time, effort, costs and resources are realistic to increase the value of your enterprise within a reasonable time frame
  - What kind of growth is your business experiencing?
  - Is your business operating at optimal efficiency?
  - Is your return on investment approaching its peak?
  - Have you implemented systems and processes to make it possible for a new owner to successfully operate your business?
  - Is the business dependent upon you?
  - Can your knowledge and skills be transferred to a new owner to increase saleable value?

## 3. Be Aware that Timing is Critical

- Prepare your exit strategy well in advance of selling
- Ensure sufficient time to optimize your business for sale
- Try to anticipate market factors including supply and demand, changing demographics, and the economic climate
- Allow sufficient time to professionally and strategically market your business
- Sell before you are burned out; far too many entrepreneurs hang on too long after their energy and enthusiasm for the business have deteriorated and started to diminish the performance and value of the business

## 4. Manage Confidentiality – Be VERY careful!

- For most businesses, maintaining confidentiality is critical
- Be JUDICIOUS about NOT divulging confidential information
- Be especially cautious with casual friends and acquaintances

- Emphasize confidentiality with ALL professional associates including bankers, accountants, attorneys and consultants

## **5. Provide Detailed and Accurate Financial Information**

- Ensure that your books, records and financial statements are up-to-date
- Prepare at least 3 years worth of financial history
- Prepare and provide recast financial statements in accordance with the International Business Brokerage Association's accredited standards for financial recasting
- Provide appropriate financial projections and business potential forecasts for your prospective buyer

## **6. Present Your Business Professionally**

- Ensure that you have high quality business marketing materials
- Don't give out too much information too early
- Use sequenced presentations with incremental amounts of information
- Advertise confidentially across a broad spectrum of media
- Ensure that strategic and competitive buyers are carefully and confidentially explored
- Maintain your operation in top shape so that any day of the week it is ready to present to prospective buyers

## **7. Work Harder than Ever to Achieve Peak performance**

- Keep running your business as though you plan to have your best year ever
- Don't get distracted by the sales process
- Don't slow down in any area of your business
- Don't stop marketing or try to trim expenses

## **8. Screen Buyers Carefully**

- Use a qualified intermediary to screen buyers carefully
- Be cautious about competitors posing as buyers
- Confirm identification and qualifications of prospective buyers
- Ensure that confidentiality documents are signed
- Do not present any confidential information until you are confident that the buyer is serious

## **9. Be Prepared to Meet Buyers**

- Prepare for questions that you would anticipate a buyer to ask
- Work with your business intermediary to anticipate the unexpected
- Be prepared to present your business in the best possible light
- Identify your weaknesses and be prepared to provide a buyer prospect with insights about how improvements could take your business to the next level

## **10. Understand that the Terms are More Important than Price**

- The terms of the deal are always more important than the actual purchase price
- Negotiating the right deal can take a considerable amount of time and effort

- Understanding your buyer's objectives and reason for buying is a critical part of structuring the right deal for that buyer
- In order to get maximum value, be prepared to finance a portion of the sale with a properly executed financing agreement
- Expect that negotiation will be required. This is a two-sided process, so be prepared to be as flexible as you can be
- Above all, do NOT take the negotiating tactics of the buyer personally, or get caught up in the emotion of the situation; this is a business deal
- Rely on the professional expertise of your intermediary to negotiate well, and create win-win terms that work for both parties

## 11. Choose the Right Professionals

- Every seller needs a good lawyer and accountant on their team
- Choosing the right professionals means finding experts who have actual experience in buying and selling businesses and who understand their role in the process
- Recognize that MOST lawyers and accountants are not entrepreneurs or business experts
- Understand that because their job is to protect your interests against all conceivable risks, the safest recommendation they can make in every situation is to not take a risk
- Remember that you are the one who will ultimately accept the offer to purchase; trust your instincts, experience and personal goals

## 12. Find a Business Intermediary You Can Trust

- Selling a business is a complex and challenging process with many potential pitfalls that could be costly when mistakes are made
- Using a professional business intermediary from a reputable firm will save time and effort, while helping to ensure that you avoid costly mistakes
- A good intermediary will also have access to hundreds or even thousands of registered buyers
- A skilled intermediary will have expertise in negotiating the right terms and conditions to create a win-win scenario for both you and the buyer
- An intermediary will also carefully facilitate the complex process of due diligence and coordinate the roles of lawyers and accountants to help you achieve your goals
- Before attempting to sell your business without assistance ask yourself these questions:
  - Have you ever sold a business before?
  - Do you really have the time to do this?
  - Are you willing to properly package the business and invest in the necessary materials to do so?
  - Do you have access to an experienced transactional attorney?
  - Are you comfortable making all of the decisions you will face in the process on your own?
  - Do you know how to prepare and manage the offers and negotiations?
  - Are you capable of screening buyers and protecting your confidentiality?
  - Will selling it on your own take away from the day to day running of the business?
  - Do you know any qualified prospective buyers?

### For a Complimentary Consultation About Selling Your Business

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