

4 Basic Steps in Selling your business

Making a decision on when to sell can be difficult and emotional. For those of you that started a business from scratch or held it together during rough times, that decision will be even harder. Here are some basic thoughts to help you through the process.

1. **Getting ready to sell.** As with any item that is sold or bought, the first “appearance” is a lasting image, which is the same for a business as well. Getting all the financial information together to include full descriptions of all assets, earnings and information is the first step and part of the overall image. If there is physical location involved, take time to do all the things you keep putting off doing. Fix it! Paint it! Repair it! All before you make the initial visit with any buyer.
2. **Form a reasonable value for the business.** Seeking a professional broker’s advise or a trusted banker can make a lot of difference in your attitude about selling. Most of us have some emotional stakes that need to be discussed. All those years of hard work do amount to something, but the something has to make sense to a buyer too. If you envision your business like an old fashioned milking stool with three legs, you’re on the right track. One leg is the value you think it is. Usually it’s the longest (larger in value) leg; next, is the buyer, who will want to obtain the best deal they can and, finally, is the financing agency’s leg which is the real world’s ability to actually fund a sale. You have to get all three legs to be the same size or it will never sell.
3. **Advertising the opportunity.** Putting up a for-sale sign usually isn’t what everyone wants to do. It labels the opportunity “going out of business” and that’s usually too far from the truth, but it does work to tell people you’re for sale. Be prepared to let people know it’s for sale. Keeping the sale confidential has some advantages so finding the right combination of help is up to you. There are many agencies that abound with individuals who specialize in advertising on-going-concern sales. Seek them out and ask them questions. See what they think the value is before you tell them what you already know. Look at their record of selling your type of business, but you have to get the word out if you want to truly sell.
4. **Finding a buyer and structuring deals.** Information on this step comes later, but knowing what you will go through is important. Know what due diligence is and how it will require your help is important. Know what the current bank requirements are for selling so that you’re prepared to accept reasonable offers that don’t waste your time. Deal structures that include all aspects of financing, legal and transition should be accomplished with professional help especially so with contract sales. Seek legal advice and counsel to be sure.