

# When Selling, Do-It-Yourself Is a Risky Business

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When the owner of a business makes the decision to sell, he or she is taking a giant step that involves the emotions as well as the marketplace, each with its own set of complexities. Therefore, those sellers who are tempted to undertake the transaction on their own should understand both the process and the emotional environment that it's set against. The eight must-dos outlined below—just some of the items for a successful sale—might seem daunting to the do-it-yourselfer. However, by engaging the help of a business intermediary, the seller can feel confident about what is often one of the major decisions of a lifetime.

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**1. Set the Stage:** What kind of an impression will the business make on prospective buyers? The seller may be happy with a weathered sign (the rustic look) or weeds poking up through the pavement (the natural look), but the buyer might think only—what a mess! Equally problematic can be improvements planned by the seller that appeal to his or her sense of aesthetics that but will, in fact, do nothing to benefit the sale. Instead of guessing what might make a difference and what might not, sellers would be wise to seek the advice of a business broker—a professional with experience in dealing regularly with buyers and with an eye experienced in properly selling the business scene.

**2. Get the Records Straight:** Although outward appearance does count, what's inside the books is even more important. Ultimately, a business will sell according to the numbers. The business broker will offer the seller invaluable assistance in the presentation of financial records that are current and crystal clear.

**3. Weigh Price Against Value:** All sellers naturally want to get the best possible price for their business. However, they also need to be realistic. To determine the best price, a business broker will use industry-tested pricing techniques that include ratios based on sales of similar businesses, as well as historical data on the type of business for sale.

**4. Market Professionally:** Engaging the services of a business broker is the key to the successful marketing of a business. He or she will prepare a marketing strategy and offer advice about essential marketing tools—everything from a business description to media advertising. Through their professional networks and access to data on prospective buyers, business brokers can get the word out about the business far more effectively than any owner could manage on an individual basis.

**5. Negotiate Wisely:** The business broker will be the most vital advisor to sellers during any stage of the selling transaction. This professional is an expert at negotiating price, terms, contingencies, and other key aspects of the sale. During the early stages, while the buyer is still considering making an offer, the broker is the ideal person to follow up and keep the deal running smoothly. Sellers working alone risk losing bargaining power by doing the follow-up themselves.

**6. Attend to Details:** Most business owners are masters of detail—and the accompanying paperwork. However, few of them have training in or knowledge about the specialized contracts and forms required for the sale of a business. The business broker is an expert at sales transaction details. This expertise will help guard against the delays, problems, and misunderstandings that can result in a wrecked deal.

**7. Qualify Prospective Buyers:** The business broker will determine the right buyer for the right business, focusing on those prospects who are financially qualified and who are genuinely (or potentially) interested in the type of business for sale. A business broker uses electronic databases to access comprehensive lists of local, national and international buyers to increase the chances of selling a business at peak value. And almost as important—the business broker qualifies every prospect to avoid wasting the seller's valuable time.

**8. Maintain Confidentiality:** Until a purchase and sale agreement has been signed, most sellers do not want news of the process to reach their customers, competitors, employees, or in some cases, even their bankers. By involving a business broker in the transaction, sellers can more easily maintain confidentiality from beginning to end. The business broker will use nonspecific descriptions of the business, will require signatures on strict confidentiality agreements, will screen all prospects, sometimes phasing the release of information to match the growing evidence of buyer sincerity and trustworthiness, and in general will use his or her position as intermediary to provide the seller with a protective shield of privacy.

Professional business brokers help the seller perform all of these vital steps. This is a time when do-it-yourself is not a cost-effective measure. The success of the sale depends upon the seller's dependence upon the best professional help.