



Tips[®] from the Top

Business insights from those at the top for those at the top.

Sales

Stop Lights in the Fast Lane

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A primer for the business owner when considering the sale of their business.

Selling a business is not a trivial task. Many speed bumps can be eliminated or minimized with some attention and advanced planning. At all costs, you should avoid waiting for the closing table to learn that your business had some “issues” that will disinterest the buyer, reduce multiples or increase discounts and adjustments.

In the sections below, you will find a collection of items to address to ensure that green lights are glowing through the finish line. Arguably, each section merits an entire chapter in a book, however, for the busy executive, here are some of the highlights.

- Start early
- Obtain shareholder consensus
- Maintain focus on the current business—don’t take your eye off the ball
- Human resources—clean up any employment related issues
- Facilities—does your building or office have curb appeal?
- Production/manufacturing—clean up any product warranty issues
- Taxation—are you current on all taxes?
- Finance—are your loans assumable? Are your financial statements automated, reviewed, audited?
- Legal—are there any skeletons in the closets that you should handle prior to starting the start of the due diligence (DD) process?
- Sales—review current contracts and organize your sales pipeline list
- Customers—call your customers proactively to ensure that all is well
- Valuation—have your advisors create a valuation using comps, an in-depth evaluation of the business fundamentals, market conditions, strategic positioning, etc.
- Strategic plan—is your strategic or business plan up-to-date?
- Health—review the health and age of the owner(s) and don’t wait until any potential health issue is escalating before considering the sale of the business
- Competition—review your competition and their potential actions once educated about your deal
- What’s your exit strategy?—work with your TAB facilitators and the TAB SBL framework to design your own exit
- The inner circle—decide who needs to know about the possible sale
- Team negotiations—review your acquisition team and make sure that it’s stacked with experienced M&A team members
- Buyer targeting—work with your team to create a target list of perfect buyers (green), unknown buyers (yellow) and nightmare buyers (red)
- Are you ready?—once you start the process, you must be committed, available and responsive to the volume of requests from any potential buyer

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