

Going It Alone

So what if you've never sold a business before? You know what you want from the sale of yours. You know your business better than anyone else. Who better to lead the charge than you?

Don't mislead yourself. You may be the worst possible person to sell your company.

Why? You may be the person most attached emotionally to your business. You may find it difficult, if not impossible, to negotiate in a detached, dispassionate and effective manner with a prospective buyer.

In addition, many buyers are experienced and skilled in buying companies just like yours. Make no mistake: most, if not all, sale negotiations, at some point get intense. Deals have more ups and downs than carnival roller coasters. There are twists and turns. Experienced guides can anticipate and deal with these inevitable twists. Few owners have the stomach to endure them without assistance.

Even if your endurance for roller coasters is high, can you ride while doing everything it takes to keep your business profitable? It is the rare owner indeed that can keep his or her company at peak performance while negotiating the intricacies of a sale. If there was ever a time to stay focused on your company, the negotiation period (often lasting six months or more) is it. Any drop in productivity, sales, or income can be subject to the buyer's scrutiny and can scuttle even the best deal.

If you need another reason to remove yourself from playing the lead role in sale negotiations, keep in mind that once negotiations end, you are the only member of your negotiating team that will likely have to work with the buyer after closing. The more crucial you are to the success of the company, the more likely it is that a buyer will require your continued services after the sale. For that reason, many sellers understand that it may be in their long-term interest to assume a less visible (and thus less adversarial) role during the sale process.

Thirdly, if you allow your attorney or investment banker to take the lead in the negotiations, you are better able to remain detached from, yet in control of, the process. For example, if your attorney or investment



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banker reaches an impasse with the buyer's representatives, you can insert yourself, at the appropriate time, to break a deadlock. This is precious "political capital" that you can not afford to waste by being in the thick of the fray day in and day out.

As business brokers and investment bankers are quick to point out, the right transaction intermediary can help to bring value to the table. By conducting a Controlled Auction and employing their negotiating skills and experience, you could receive more money on better terms than you could have alone.

One final point: an ideal method of selling a valuable company (\$5 million plus in value) is to use a "Controlled Auction" in which multiple interested buyers, having identical information, simultaneously bid to buy your company. This is a process that owners simply can not orchestrate alone. You need experienced professionals who have conducted these types of auctions.

Should you decide to use a sales method other than a Controlled Auction, you may find the assistance of a good transaction intermediary — business broker or investment banker — to be valuable in assessing the marketability of your company, in accurately pricing and valuing your company, in locating qualified buyers and in negotiating and closing the deal.

For all of these reasons, put your energy into selecting the best possible Advisor Team rather than into going it alone. Use advisors who have navigated these waters — many times — and communicate your objectives to them clearly. Determine the level of communication that you require and trust their experience. While you may depend on others to navigate, you are still the captain of the ship.

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