

Reasons for Sale

The reasons for selling a business can be divided into two main categories. The first is a sale that is planned almost from the beginning or by an owner who knows that selling is or should be a planned event. The second is exactly the opposite – unplanned; the sale is motivated by a specific event such as health, divorce, business crises, etc. However, in between the two major reasons, are a host of unpredictable ones.



A seller may not even be thinking of selling when he or she is approached by an individual, group or another company, and an attractive offer is made. The owner of a business may die, and the heirs have no interest in operating it. A company may bring in new management who decides to sell off a division or two; or maybe even decides that selling the entire business is in the best interests of everyone.

A major competitor may enter the market, forcing an owner to elect to sell. And the competition may not just be another company. The owner of a business may realize that an external threat is such that the company will lose a competitive advantage. New technology by a competitor may outdate the way a company produces its products. Two competitors may merge, placing new pressures on a company. The growth of franchising and big box stores can promote themselves on a much larger scale than a single business, no matter how good it is. National advertising can create the perception that a large business's pricing, inventory or service is better than the smaller competitor, even if it isn't.

Although these issues may not push a business owner or company management to consider selling, they are certainly causes for consideration. Unfortunately, most sellers fail to create an exit strategy until they are forced to. Professional athletes want to go out on top of their game, and business owners should do the same.

About TOGA, The Oil & Gas Advisor:

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