

## SELLING A BUSINESS? BE AWARE OF THESE FOUR POTENTIAL ISSUES

We've outlined below a few unexpected aspects of the business sale process that can pop up. Sometimes they severely impact the turnaround time of a sale. But if you can understand these potential issues better, you will be better prepared to try to circumvent them.



### 1. Do You Have Time on Your Side?

It's helpful to use an intermediary who will assist with the filtering of prospects vs. "suspects." However, the inclusion of yet another party, in addition to both the business seller and potential buyers, increases the amount of time required to navigate the process.

Sellers are typically unaware of the time and documentation needed to compile the required Offering Memorandum. Once completed, the seller must provide both the intermediary and potential buyer more time to review and propose meetings and pricing. In the interim, owners are faced with the challenge of keeping their business thriving.

### 2. Trying to Do Too Much

It's not surprising when a company owner is also its founder that individual is typically used to making all of the decisions. That's why business owners in the midst of selling will soon find themselves challenged with the desire to fully be a part of both the selling process and the running of the business.

Delegation to someone else, such as the Sales Manager, can be truly invaluable. Think of your top people as extremely valuable resources. They may have first-hand knowledge regarding additional concerns such as competition and potentially interested acquirers. Bringing in trusted employees to be part of the sales process can be tremendously beneficial.

### 3. Delays Due to Stockholders

When mid-sized, privately held companies are supported by minority stockholders, these individuals must be included in the selling process—however small their share may be. The business owner will need to firstly obtain their approval to sell by using the sale price and terms as influencers. Of course, issues such as competing interests,

pricing disagreements, and even inter-family concerns may cause conflict and further delay the process.

#### 4. Money Issues

Once sellers decide upon a price that they would like to see, it is sometimes difficult for them to accept or even consider anything less. After all, a business owner likely created the company and may have a strong emotional attachment.

Another factor that often interferes with a successful sale occurs when sellers instantly turn down offers because they don't meet with their desired asking price.

That's when the intermediary can often come in to salvage the deal. An M&A advisor often serves as a negotiator. He or she can work out a deal that is structured in a manner that works for both sides.

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[www.OilGasAdvisor.com](http://www.OilGasAdvisor.com)      844 749-6016      [info@OilGasAdvisor.com](mailto:info@OilGasAdvisor.com)

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