

When Two Million Dollars is Just Not Enough

Not everyone wants to sell when they feel as though they have to sell. Life changes, such as divorce or illness, can trigger the sale of a business. Everything from declining business revenue to partnership problems and more can send business owners scrambling for the exit sign. However, selling isn't always an option, especially for small businesses. In this article, we will take a closer look at just such a situation.



The business under consideration is a successful distribution business, which is also a classic example of a value-enhanced business. The two owners each draw several hundred thousand from the business each year to go along with a range of other benefits. If hypothetically, the business was to sell for \$2 million dollars, each of the owners would receive approximately \$1 million. Of course, this sounds like a sizable amount. So, what is the problem?

When one stops to factor in such variables as taxes, closing expenses and debt, that \$1 million-dollar number has shrunk dramatically, leaving each owner with much less, perhaps as little as just two years of income. In such a situation, selling isn't a great idea. Many owners of small companies want to "cash in" and retire only to discover that their business isn't worth enough to do so.

Owners who want to retire but can't afford to do so are in a difficult position. Such owners may have already "checked out" mentally and in the process, have lost their focus resulting in a failure to both invest financially and creatively in the business. In turn, this decreases the value of the business even more, as competitors may likely move in to fill the void.

So, what does all of this mean for business owners? Business owners don't want to get stuck in the position we discussed thus far. Instead, business owners want to sell at the optimal moment, when a business is at its high point and the owners are not considering retiring and feel as though they have to sell.

Determining when is the best time to sell can be one of the single smartest business decisions that a business owner ever makes. Working with a professional and experienced M&A Advisor is a fast and simple way to determine if the time is right to sell your business or if you should wait. Waiting for the optimal moment to sell could be a painful experience.

About TOGA, The Oil & Gas Advisor:

The Oil & Gas Advisor's team of M&A Brokers and advisors specialize in selling businesses related to the oil, gas, and energy industry. Clients include manufacturers, distributors, services, construction and logistics firms. TOGA is USA's expert in selling propane companies. Since 1987, they have been investment banking merger and acquisitions advisors, providing certified business broker and intermediary services. TOGA's experts are award winning industry leaders with offices in Texas, Oklahoma and Pennsylvania.

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