Field-proven results in business sales and acquisitions

Four Common Seller Mistakes

Sellers are just like everyone else in that they can make mistakes. In this article, we'll explore some of the most common mistakes that we see along with some of the repercussions.

1. **Not Seeing the Buyer's Point of View**

The first major mistake that sellers make is that they simply fail to look at the situation from the buyer's perspective. One of the smartest moves any seller can make is to step back and ask themselves two key questions.

"What information would I expect to see if I was thinking about buying this business?

"Would I trust the information being presented to me if I was the buyer?"

While there are many other questions sellers can ask to help reframe their thinking, these two simple questions can orient a seller's thinking towards a buyer's perspective. Additionally, investing the time to understand the buyer's position can help avoid a range of problems and help smooth out the negotiation process.

2. **Neglecting the Business During the Sales Process**

Another seller mistake we see is that the seller neglects the business during the sales process. This can have significant negative long-term consequences. Sellers must understand that they must maintain the day-to-day operations as though the business is still theirs. The old saying, "Don't count your chickens before they've hatched," most definitely applies to selling any business. Business deals fall apart all the time. This is true from small deals to corporate acquisitions.

3. **Overall Lack of Preparation**

Any seller who is truly serious about selling his or her business will have all of their documentation available and well organized. This list would include financial records, environmental studies, business forecasts and more. It is important to make a good impression and convey to prospective buyers that a business is well organized and ready to be sold. Disorganization on any level could make prospective buyers worry that the business isn't being operated in a professional manner.

4. Holding Misconceptions Around a Business' Value

Finally, a real "deal killer" can be when sellers don't understand (or have a mental block) concerning the real value of their business. This issue can lead many business owners to set a price that is simply too high or even completely unrealistic. Many sellers have put years of blood, sweat and tears into a business. Learning that their business isn't as valuable as they had hoped can be an emotional, psychological and financial blow all in one. But sellers also have to adjust to the realities of what the market will bear.

Avoiding seller pitfalls is incredibly important. Working with a skilled and proven business broker or M&A advisor is a way for buyers and sellers alike to avoid an array of significant problems that could otherwise arise.

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