

When Should You Think About Selling Your Small Business?

There are many reasons why small companies are put up for sale. Some of the more common reasons can actually have little to do with the company's general performance. For example, many small business owners discover that they need to sell for health reasons or personal concerns, such as divorce or partnership issues. While a business downturn or fear of a larger competitor looming on the horizon might prompt many business owners to sell, economic drivers are not the only issue. Owners may want and need to sell, but often it isn't always that simple.



Many business owners are looking to retire, but are unpleasantly surprised to learn that they simply can't afford to do so. Still yet, many business owners don't truly want to retire or sell, but instead they just want more freedom in their lives. The day-to-day responsibilities of owning and operating a small business can take their toll. Many business owners are looking to make a change and would love to be free of this burden. This class of owner has already "checked out" mentally, and this can have profound negative consequences for their businesses.

When an owner wants out but discovers that he or she simply can't afford to sell or retire, it will come as no surprise that there is usually an accompanying drop off in enthusiasm. Ultimately, the vast majority of owners will start to lose focus. Often, we find that they stop investing the capital necessary to continue the growth of the business, which can trigger other events, such as the loss of key staff members and/or customers. Losing a top customer to a major competitor can further accelerate the downward spiral. The failure of the business to maintain its footing and competitive advantage can lead to a more aggressive posture by existing competitors or even encourage a new competitor to move into the market.

In time, the owner may come face-to-face with the harsh realization that they have no choice but to sell if they are to salvage any of the business's value. The best way for a business owner to safeguard against this situation is to sell when his or her business is doing well, as this helps to ensure an optimal price.

Working with a business broker or M&A Advisor, even years before one is interested in selling, is one of the single smartest moves any business owner can make. The time to think about selling your business is now, as no small business owner knows what life or the market will bring.

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