

## What You Should Know About Selling Your Business

There can be no doubt that selling your business stands as one of the most complex and important decisions you'll likely ever make. It is quite often the case that a business represents decades, or even a lifetime, of dedicated work. In this article, we'll examine some of the key steps that you should take when it comes time to sell.

One of the most important steps that any seller can take is to begin the sales process far in advance of the date that he or she plans to put the business on the market. Working with an experienced business broker or M&A advisor (and doing so preferably years in advance) is one of the single best ways to ensure that you'll be ready to sell your business when the time comes. It will also help you to avoid the numerous pitfalls that potentially await.



A good brokerage professional can also help identify weaknesses in your business and help you address those issues; however, this is only the beginning. Your broker or M&A advisor can help you with everything from strategy and negotiations, maintaining confidentiality and establishing the market value of your business, to connecting you with other seasoned professionals, such as accountants and lawyers.

A third key point that all sellers should consider is their own psychology. It is vital that all sellers remain flexible in their approach to selling their business and also remain respectful of prospective buyers. It is important that you put yourself in the shoes of your buyer and try to think of what they will need to feel confident in their decision.

The right seller psychology is also absolutely essential. Sellers should not attempt to rush or force a sale or overprice their business. In short, you need to keep “your head in the game” and as much as possible, keep your emotions out of the process.

Sellers also need to realize that the statistics strongly indicate that seller financing is likely. Only 75% of sellers ultimately receive their asking price, and businesses that are listed as “all cash” generally don't sell. Reasonable sales terms will greatly increase the chances of successfully selling a business. It is common that sellers fail to realize just how much interest they can generate by financing the sale of their business. A reasonable down payment is also another way to improve the odds of selling a business. Being willing to offer financing makes a clear statement to a prospective buyer that you believe in the business and its ability to generate revenue. From a buyer's perspective an “all cash” demand can be a red flag.

At the end of the day, an open mind and steady temperament will increase your chances of selling. You may want to sell your business and completely move on to new things. But the reality of selling a business is such that “walking away” may not be feasible. Transitioning your business into the hands of a new owner is usually more of an ongoing process than a “sign on the dotted line and receive a check” type of situation. Understanding this fact, and working closely with a business broker or M&A advisor in advance of selling your business, will help to streamline the sales process and greatly improve your chances of a successful outcome.

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