

The Smart Way to Sell Your Business

by Eric T. Nass



If the words *'For Sale'* reflect your latest - and perhaps, last business strategy, you're in luck. With merger and acquisition volume at record levels and reasonable financing readily available, there's never been a better time to sell your company.

The dynamics of business are changing. In a global marketplace where formerly fragmented industries are rapidly consolidating, the desire for strategic acquisitions has created a high demand for willing sellers. Where does this leave you?...with a critical window of opportunity to sell your company for maximum profit.

As the need to strengthen or supplement core markets and products continues to fuel the recent flurry of mergers & acquisitions, companies and their advisors are constantly searching for just the right match. But even in the midst of a hungry market,

many companies make the mistake of selling too quickly. What's the bottom line? Planning and negotiating a deal without the skills and expertise of a mergers & acquisitions intermediary leaves you vulnerable to an oversight that could cost you valuable time - and money. It could cost you the right deal.

Should you even make a deal, and if so - when?

By working with an intermediary, you gain an invaluable advantage in the selling process - a strategic partner trained to analyze your business goals, competitive situation, and the trends and market forces that shape your industry. From this analysis, the intermediary should develop a clear strategy for approaching the market and negotiating a deal that ultimately meets your business objectives.

Why the need for an 'outside' strategist?

Think of selling your company as a series of critical steps and the intermediary as a manager of this process - from start to finish. The 'management' of this selling process gives you the ability to do something crucial - continue running the day-to-day operations of your business with minimal disruption. By maintaining the financial and operating strength of your company, you are certain to attract the market's highest bidders.

But first things first. Although at some point your company will be offered to the outside market, a thorough selling process actually begins internally.

What's it worth?

One of the intermediary's first responsibilities is to evaluate your company's goals, selling rationale and expectations. What do you hope to gain by selling your company and, are your expectations reasonable? In conjunction with this evaluation, another crucial service provided by the intermediary is assessing the true market value of your company.

Only with an objective, accurate valuation can your anticipated selling terms be substantiated, or in some cases adjusted. In short, you need to have a clear understanding of what your company is worth in the current market before you begin any negotiations.

A Working Blueprint.

Once the intermediary has determined the value of your company, the next step is to develop a focused market strategy. The strategy should answer the crucial questions, 'what kind of prospect do I want to buy my company and on what terms?' Ultimately, the success of any sale comes down to landing the right buyer, at the right price, and on the right terms. How will

you find this 'perfect' match in a sea of hungry suitors?

Fortunately, locating and pre-qualifying interested buyers also falls under the expertise of the intermediary. By screening potential buyers against a set of financial and strategic criteria, the intermediary will bring only quality deals to the table for consideration, saving you the valuable time and money consumed by fruitless searches. And how do they search for the best fit? An experienced intermediary will possess top notch networking skills and established contacts in your industry. They will also be familiar with the latest database and Internet resources for marketing your business. This broader prospect range allows your company to be proactive in your market search rather than reactive - an important distinction in the selling process.

A Word on Discretion.

While an intermediary will initiate contacts on your behalf during the prospecting phase, your confidentiality is paramount. It has to be. Premature news of a sale - or even plans for a sale - can have a negative impact on your employees, suppliers, bankers, and even your customers. To be sold successfully, your company needs

to maintain financial stability throughout the selling process. A skilled intermediary will prospect discretely to ensure that your company doesn't suffer from a loss of business confidence.

The Proof is in the Numbers.

So now you know whom you want to attract, where to find them, and how to keep it quiet. But when perspective buyers start banging down your door, what are you going to show them? Or perhaps the better question is, how are you going to show them? Preparing a comprehensive offering document on your company is another critical service the intermediary will provide in conjunction with the marketing strategy. This document is similar in content to a business plan and should include sufficient detail for a potential buyer to assess the opportunity being presented. The importance of a professional and thorough package cannot be overstated in the selling process.

The Final Stretch.

By approaching the market with a solid strategy and well-prepared offering document, it's only a matter of time before your pipeline starts filling. While you may think that piquing the interest of a suitable prospect is the last phase, think again. You'll never

need the intermediary more than in the final stages of the selling process.

The art of negotiation will be key to keeping your interests intact. Prospects that initially agree to your selling terms may have different ideas as the closing date approaches. As a trained negotiator, the intermediary will manage the closing process to ensure that your financial objectives always remain at the forefront of the sale. Working in tandem with your accounting and legal advisors, the intermediary's goal is to deliver an airtight deal that meets, and even surpasses, your expectations.

In the complex process of selling a company, you need an expert on your side. You need a strategist, a guardian, a spokesperson, and an artful negotiator. In short, you need a skilled mergers & acquisitions intermediary.

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Originally published in The Business Monthly, June 1998