
Tip of the Week: Preparation is key when selling a business

By: J. Richard Uhlig



Selling a business is a major investment of time and energy.

But taking the time to plan the sale will help you get the best offer for your business.

If you are going to sell your business, don't wait until the last dollar is squeezed out of your company, says J. Richard Uhlig, managing director and principal of Executive Sounding Board LLC, a merger and acquisition

consulting firm.

Buyers need to see a good future in order to pay top dollar today, he says.

He suggests planning three to five years before the anticipated sale.

It is best to sell when your business and industry are still growing, he says.

Here are some of Uhlig's other suggestions:

1. Bring in the pros. Enlist the help of professionals including your CPA, a transaction lawyer and a merger and acquisition consulting firm.
2. Prepare audited financial statements if possible.
3. Get your company ready by:
 - o Demonstrating a healthy growth.
Steady growth in sales and profit is better than peaks and valleys.
 - o Show real earnings. Use a minimum of recast items to show profit
 - o Make sure you have a diversified customer base.
A lot of good steady customers are better than a couple huge ones.
 - o Clean up your balance sheet - - receivables, inventory, etc.
 - o Build a management team that can run the company after the sale.

Plan well in advance, says Uhlig, and then execute your plan.