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## Selling the Family Company

by Peter C. King, VR Business Brokers/Mergers & Acquisitions, CEO

It may seem like just yesterday, but in reality its many years ago and you started your company. At that time the goals for you and/or your family were closely aligned with that of your business.

Time has marched on, the family has grown up, homes have been paid for, and you are once again considering what the future holds. But, rather than thinking about company growth, you are starting to consider if this is the time to sell.

There are numerous reasons for selling your business. Children who you thought would once take over the business have graciously declined. You may be thinking that retirement should be the time to enjoy assets you have accumulated. It could be the itch to travel without responsibility, or even the challenge of starting something new in the business world.

Whatever the reasons, tread lightly. The sale of your business is a significant one-time event with no "mulligans" (do-overs).

### There are certainly advantages to sell, such as:

- Structuring a deal that transfers your business that generates liquidity, but at the same time allows you to stay involved if you choose.
- The timing is such that your business will fetch the highest possible price in years. It could be the overall economy or trends in your industry that increases demand and pushes up the value.
- Serving as an advisor to the company after sale could have a tax benefit, an economic benefit, and maybe even a mental benefit.
- If a lot of your net worth is tied to the business, a sale gives you the opportunity for diversity and safe harbors

### Along with advantages, always come the disadvantages, such as:

- A lengthy timeframe from the time you put the business up for sale until the time you close, could cause a price fluctuation of the business.
- Signing an over reaching non-compete agreement could eliminate your ability in the future to consult others and use your experience for economic benefit.
- Owner financing if not structured correctly could put a large part of your equity at risk, and its future value in the hands of a new owner. Staying involved in some manner could help eliminate risk of repayment.

If you're not sure if now is the time to sell, or how to start the process towards selling, contact a professional business intermediary with **VR** Business Brokers / Mergers and Acquisitions. They are sure to want to help you either now or in the future.



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