



Keeping the Train on the Tracks

By JoAnn Lombardi, VR Business Brokers/Mergers & Acquisitions, President

Normally, a business owner who's looking to sell has to keep their intentions close to the chest. You don't want to upset your employees, your customers or the vendors; any of which could cause a major disruption in your operation and be a detractor to potential buyers. Since selling your business can be both an emotional and overwhelming process, it's important to consult an expert, not a generalist! You need to find someone to facilitate the process to where you will be able to continue operating the business as normal while they identify a qualified buyer.

A qualified buyer will want to see a thriving and well-operated business if they are to put down a substantial financial investment. A professional business intermediary is equipped with the tools and experience to ensure that you don't make any pivotal mistakes. Below are some areas that will help you stay on the track to a successful sale of your business.



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Pricing the Business at the Fair Market Value

Although many sellers would like to see their business' worth based on the time, effort and finances they have spent, you don't want to start by overpricing the business. When you make that decision to sell, you have to be able to understand what buyers are looking for so that you can come to a win/win arrangement. If the price you're looking for is higher than what the fair market value is, chances are you will have a difficult time finding a buyer who's willing to write a check and pay a premium.

Maintaining Confidentiality

Any type of disclosure outside of the two parties involved can detonate the deal. It's critical that all precautions are taken as to not disturb the running of the business operation. Employees can and will run if they feel they're not working at a stable company. Therefore, make sure all correspondence stays away from the business. A professional business intermediary maintains constant contact with both you and the buyer to make sure all questions are being answered and no breaches in confidentiality are made.

Never Sell Impulsively

It's normal for a business owner to burn out and decide at the drop of a hat to find a buyer to take over the business immediately. However, do not make a rash decision. An accelerated business sale can result in leaving a lot of money on the table if you don't take your time.

Find someone to assist you in all aspects of the process from:

- Cleaning up the balance sheet.
- Settling any pending litigation.
- Resolving any environmental issues.
- Paying any additional fee's for audited financial statements – this could increase the value of your business substantially if you have accurate financials.

Anticipate the Buyer's Requests

A buyer is going to want appraisals of the property of the business, the machinery and equipment, inventory, intellectual property and goodwill. Due diligence and investigation takes time on the buyer's end, so it's important to have your ends covered before the business goes to market.

Focus on the Structure of the Deal

Any seller will want all cash at closing, but that seldom happens without some sort of financing involved. In many business sales, the structure is more important than the price; therefore, make sure you are able to see what needs to be done in the structure of the deal so that it doesn't become a deal breaker.

Being Flexible on the Terms

You are not going to win every point of contention. It's important to compromise when you need to, and save your battles for the most important issues in the deal. If you try to win every battle that arises, the buyer may walk away. You don't want to come off as being inflexible, and your intermediary should help you understand which areas you should show some willingness to step back and accept the buyer's point.