



SOUTHWEST
BUSINESS ADVISORS

Selling Your Business? Follow These Ten Rules to Success

If you are considering the sale of your business, you might want to study each of the following ten rules to help assure success on the way to final closing.

1. Place a reasonable "market value" price on your business. Don't try to start negotiating from an inflated figure. Try arriving at the best "win-win" price.
2. Carry on business as usual. Don't allow the sale process to distract your attention from day-to-day operational demands. Since the selling process could take as long as a year, the buyer needs to keep seeing a healthy business.
3. Insure confidentiality throughout the entire sale process. A breach of confidentiality surrounding the sale of a business can drastically change the course of the transaction.
4. Prepare for the sale well in advance. Be sure your financial records are complete for at least the three previous years. Have available copies of all relevant contracts and other obligations.
5. Anticipating information the buyer may request. In order to obtain financing, the buyer will need appraisals on all assets as well as information to satisfy environmental regulations (when real estate is concerned).
6. If possible, achieve leverage through buyer competition. This involves creating a competitive situation with two or more buyers.
7. Offer flexible financial terms. Don't demand all-cash at the closing. Consider accepting contingent payments or an asset transaction. Depend on the advice of your CPA and attorney--their knowledge of financing and tax implications-- to keep the deal doable for the buyer.
8. Be prepared to negotiate; try not to "dominate." You're used to being your own boss, but be prepared to learn that the buyer may also be used to having his way. Decide ahead of time when "to hold" and when "to fold."
9. Keep the deal on track. Avoid time from dragging it down. Try to assure that potential buyers stay on a time schedule and that offers move in a timely fashion.

10. Be willing to stay involved in the business for a reasonable "transition period." Even if you are feeling burnt-out, realize that the buyer may want you to stay within arm's reach for a while.

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