



## **Navigating the Choppy Waters of a Sale to a Third Party**

So what if you've never sold a business before? Who better to lead the sale process than the guy who knows far more about the business than anyone else? Who better to steer the ship than the gal who knows exactly what she wants from the sale of a business?

Before you answer, pause for a moment to consider the possibility that you might just be the worst possible person to sell your company.

Why? As the one most emotionally attached to your business, you will likely find it difficult (if not impossible) to negotiate with a prospective buyer in a detached, dispassionate and effective manner.

In the mid-market range, most buyers are experienced and skilled in buying companies just like yours. They understand that all deals travel rough and shark-infested waters because they are the sharks! Their favorite meal is the owner sailing the sale waters alone.

Further, at some point, all sales negotiations become intense. Experienced transaction professionals anticipate and manage the inevitable lulls and storms that few owners have the stomach to endure.

But let's assume (as you might) that you will have no problem navigating the rough waters of the typical sale process. Can you do so while simultaneously doing everything necessary to keep your business running at full steam? Rare indeed are the owners who can keep their companies running at peak performance while negotiating the intricacies of a sale.

If there was ever a time to stay focused on your company, the period during which you negotiate the sale of your business (often six months or more) is it. Any drop in company productivity, sales, or income is like blood in the water and will be subject to the buyer's scrutiny and has the potential to scuttle even the best deal.

If you need another reason to decline the lead role in sale negotiations, keep in mind that once the deal closes, you are the only member of the cast who may have to work with the buyer as an employee. The more crucial you are to the success of your company, the more likely it is that a buyer will require your continued services after the sale. For that reason, many sellers understand that it may be in their long-term interest to assume a less visible (and thus less adversarial) role during the sale process.

Consider that if you allow your deal attorney, business broker, or investment banker to take the lead in the negotiations, you are better positioned to remain detached from, yet in control of, the process. For example, if your lead advisor reaches an impasse with the buyer's representatives, you can insert yourself, at the appropriate time, to break a deadlock. This is precious capital that you cannot afford to squander by being in the thick of the fray day in and day out.

As transaction intermediaries (business brokers and investment bankers) are quick to point out, the right transaction intermediary should bring value to the sale process. They argue that you should receive more money on better terms when they organize and conduct negotiations.

You may find the assistance of a good transaction intermediary to be valuable in:

- Assessing the marketability of your company
- Accurately pricing and valuing your company
- Locating qualified buyers
- Conducting a competitive auction
- Negotiating and closing the deal

For all of these reasons, put your energy into selecting the best possible crew: an Advisor Team (including a transaction intermediary) that has navigated these waters—many times.

While you may depend on your crew to navigate your voyage to a safe harbor, you remain the captain of the ship. If you have questions about the sale process, your role in it, or the role of your advisors, we can help. Please contact us.

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