



A Business Owners Guide

TWELVE TIPS ON SELLING YOUR BUSINESS

CHAPMAN ASSOCIATES has been providing expert guidance to owners of mid-sized companies for over six decades. The insights and tips we've assembled here are important as you consider putting your company on the market. Attending to these details has helped us sell over 2,300 companies worth billions of dollars.

1. *Establish your ultimate goals.*

Spend time thinking about the reasons you are considering selling your company. If your goals are primarily financial, i.e., “cashing in” on your years of hard work, converting your company into liquid assets for your retirement, or providing for your family’s financial well-being, remember that the timing of a sale may be critical. It’s a good idea to get a professional assessment of current marketing conditions before you make a decision.

2. *Create a market for your company.*

Work with a professional who makes a marketing your industry and discretely markets your company to multiple sources using various mediums. Don't leave any stone unturned and don't work with one buyer at a time, and your after tax proceeds will likely increase dramatically.

3. *Stay focused on your business.*

Stay focused on operating your business. Don’t let the sale of your business impact the company’s financial performance. A sudden drop in sales or net income can negatively impact the value of your company once a buyer is found.

4. *Be realistic.*

Remember that most buyers will ignore a company that is overpriced. Your negotiating position is significantly weakened if you go back to a buyer and explain that your company is now “on sale”.

5. *Remain flexible.*

There is more than one way to structure a successful sale. Be ready to consider all offers. An experienced professional can help you analyze each offer on its own merits and choose the one that is best for you.

6. *Keep the sale of your company a secret.*

Don’t let your competitors or business associates know your company is for sale. This minimizes the risk that competitors will raid your key employees or customer base. Most importantly, use an intermediary skilled at arranging confidential transactions to avoid any possible leaks.

7. *Reveal everything upfront.*

Nothing can de-rail negotiations faster than unexpected surprises. If a buyer isn't scared off by surprises, he will certainly reduce his offer as a result. With up-front disclosure and comprehensive due diligence documentation, your M&A professional can help you package negative information more effectively, reducing its impact on the company's market value.

8. *Retain an expert to help you with the sale.*

Selling your business will probably be the biggest and most important decision you'll ever make. Don't underestimate how complex and emotional the process can become. A professional can be objective, help you analyze your options, act as a buffer between multiple buyer prospects, and be a problem solver if the parties reach an impasse.

9. *Consider the first offer very carefully.*

Each offer should be considered on its own merits. Remember, the first offer is no better or worse than the last offer just because it's first. Your M&A professional will help you decide which offer is "right".

10. *List your company on an exclusive basis.*

Select one experienced M&A professional with whom you feel comfortable – one that clearly believes in you and your company. By giving them an exclusive listing you ensure that they have the proper incentive to market your company and represent you aggressively.

11. *Screen buyers carefully.*

Remember that many people claim they're buyers when they aren't. Only buyers who put their offers in writing and are willing to prove they have at least forty percent of the total price free and clear in unencumbered cash are worth your consideration.

12. *Trust your gut.*

Trust the business judgment you used to build your business in the first place. Rely on your lawyer, accountant, and M&A professional for advice, but at the end of the day, make the decisions that feel are to you.

Contact us today to learn how we can help you achieve your objectives.



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