

# Selling Your Business: 5 Keys to Maximizing Value

## **1. Sell Before You have to Sell.**

Optimally, the seller commences the sale process at a point in time when the seller and the key individuals are in a relatively comfortable operating condition. Selling when the business is in trouble or significant personal and/or health issues arise, can result in the seller being forced to accept less than favorable deal terms.

## **2. Don't Sign Anything Until You Consult with the Deal Team Professionals.**

Assemble and consult with an experienced legal and financial team before the sale process actually begins and certainly before you sign anything to address key issues such as seller's objectives, valuation, protecting proprietary information, deal structure, etc. A seller who waits too long to engage professionals may waste time and money pursuing a deal structure that fails to meet the seller's deal objectives or the seller may be irreparably out-manuevered by a sophisticated buyer in the early deal negotiations. Keep in mind, the seller's deal leverage typically peaks just before the seller signs a letter of intent.

## **3. Know Your Business - No Surprises.**

The seller must know the company and its business. The relevant data relied upon by the parties must be current, accurate and complete. If such information proves to be inaccurate or there are other surprises such as unexpected liabilities, the seller's credibility will be undermined and the seller's leverage will be compromised.

## **4. Business as Usual through Closing Date.**

The seller must continue to operate the business in the ordinary course through the closing date. Too often, sellers presume the closing will occur and they "check-out" from their operating responsibilities during the sale process, causing a material deterioration in the business. This can be very dangerous as it may shift the situation from one where the seller did not have to sell to one where the seller has to sell due to such business deterioration.

## **5. Walk Away Mind-Set.**

It is inevitable that tough issues will arise during the sale process and a buyer may impose unsatisfactory terms on the seller. If the seller cannot walk away from the deal, then the seller may be forced to agree to the buyer's demand(s) and thus accept terms the seller would not otherwise have agreed to. Accordingly, in order to maintain the seller's leverage (and maximize value and deal terms), the seller should negotiate with the attitude (and ability) that the seller can walk away from the deal in the event the parties cannot reach agreement on a particular issue critical to the seller.