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TEN AVOIDABLE MISTAKES IN SELLING YOUR BUSINESS

1. **Not understanding the real value of the business.** A company's historical financial statements don' necessarily give an accurate view of the company's worth. Restating the financials to eliminate discretionary and non recurring personal expenses, and paying attention to "off-balance sheet assets," tangible and intangible will help uncover th real value of the business.

2. **Having an unrealistic price in mind.** Without the benefit of professional advice, business owners may expect an unrealistically high price without any factual basis. It is nearly impossible to discuss or justify a selling price that makes economic sense without well-documented historical and restated financials as well as future plans and projections. You should be prepared to defend and substantiate the value of your business.

3. **Not positioning the company for sale.** Preparation is important. A price swing of as much as 50 percent is possible for a solidly situated company that has been properly groomed for sale. Depth of organization, growth opportunity, reputation, favorable market conditions, industry leadership and many other tangible qualities can induce the buyer to pay more.

4. **Not understanding the buyer's motives.** Buyers seldom buy what sellers think they're selling. While sellers often dwell on past performance, they typically don't have well defined plans and projections for the future. Buyers, on the other hand, are more focused on future return on investment and growth potential, and usually look for thorough documentation. Don't forget, buyers like to "pay" for the past but they "buy" for the future.

5. **Proceeding without expert advice.** Selling a business is a complicated process and should not be under taken without expert assistance. If you talk with business owners who made ill-fated attempts to sell their own businesses, most will tell you they wish they had used an experienced deal team including an intermediary, accountant and a deal oriented attorney. This team will help secure the best price and terms on an after-tax basis, protect the sellers interests and facilitate a smooth closing.

6. **Assuming you know the best buyer.** It's natural to assume that the best buyer is a local competitor, customer, supplier, employee or perhaps someone you know. However, the potential marketplace for buyers is large and increasingly global. In addition to strategic buyers, thousands of private investment groups are interested in acquiring profitable, privately held companies and account for a significant percentage of today's acquisitions. Strategic selection of potential buyers goes well beyond those typically known to the seller.

7. **Not having multiple buyers involved in the process.** It is often said in the merger and acquisitions industry: "one buyer is often no buyer". This simply means that with three, four or more buyers competing for your business you are more likely to close a transaction with the best possible price, terms and tax structure. Countless owners have returned to the starting gate after investing a year or more with a single buyer.

8. **Being the first to mention price.** Putting a price on the business creates a ceiling. Many first-time sellers stumble at this point, as an investor who sees big potential may have had a higher price in mind. Value, like beauty, is subjective. Avoid regrets by not jumping into negotiations too quickly.

9. **Losing deal momentum.** Once a sale process begins, it is important to keep it moving forward towards a transaction close. Negative events such as losing an important customer or an economic downturn can impact the performance of the seller and appetite of the buyer. Time is often the enemy of deals.

10. **Neglecting your business while trying to sell the business.** Psychologically, once you decide to sell your business there is an inclination to slow down or spend too much time on the selling process to the detriment of the business. If you do this, earnings will suffer and it will lower your business's value, negatively influencing marketability.