

3 Reasons You Should Sell Your Business

In the back of their heads, many entrepreneurs are thinking, "when should I sell my business?" Owners who ponder over selling their business do not always do so out of financial desperation or trouble but because they are looking for the next opportunity.

Following are three reasons to consider when thinking about selling your business.

1. Business value

Anytime you have an opportunity to get liquidity in your company, you need to seriously consider it because running a business is risky and the longer you hold on to that business and the bigger you get, the more chance you risk of failure. There is value in a business but no liquidity until you go through a transaction of selling a piece or all of your company to a buyer.

2. Tired of risk

In the early stages of a business, owners are more confident in taking risks, because they don't have much built-up value in their companies. Taking chances are essential and beneficial if the founder wants their business to grow beyond the initial stages.

As the company grows, so does the value -- and owners become more conservative fearing greater damage than when it was a smaller business. Owners who are older no longer have the luxury of time to spend years on damage control fixing bad strategies, so they avoid those risky situations that could lose their company.

Business owners should always be looking to exit their investment. Not because the company may be in a bad place but because it is a smart business decision.

3. Time for change

Owners have many reasons for selling their businesses. Although a chance at liquidity is a good reason for an owner to decide it's time to sell the business, it may not be the only reason. After dedicating 15 to 20 years of time, energy and resources into building a company, CEO's and founders may find themselves ready for retirement. Or an owner may be ready for some change and seek a new opportunity. That could be motivation enough.

A good entrepreneur is always looking at their options going forward. Time is always a risk, and the more time your business is out there, the greater risk you have.

Before you sell

As an owner you have financial goals you are continuously striving for and this applies to selling your business as well. Things to keep in mind when thinking of selling your business are:

- Timing of the sale
- Getting your company ready to sell (audited financials, the right technology, a good executive team, etc.)
- Finding the right potential buyers

Selling a company is not always only about getting the best price. If the firm is entering into a deal in which they are only selling a percentage of their business and will continue to be engaged, then other kinds of factors are equally important as price. These factors include the caliber, the reputation, the references, the culture, the chemistry and the trust of the private equity firm or other type of firm they are going to partner with.

The mindset of an owner selling their business should not be obsessing over the last few dollars of valuation but rather focused more on the quality of people they will be partnering with as a result of the sale. This is the biggest mistake business owners often make in scenarios where they intend to roll over significant equity. Remember, once the deal is done, you have to work with these people. Make sure they are the right match for you and your company no matter what price they are offering you for a piece of your business.

The final piece of advice: Plan your exit and be ready when the timing is right to pursue your company's maximum value. Sell it on your terms rather than the market's terms. A good M&A Advisor will ensure you sell your business at the right time for maximum value.

About CK Business Consultants, Inc.:

CK Business Consultants, Inc. has been dealing exclusively in the sale and acquisition of petroleum and propane related mid-market companies since 1976. We are qualified, experienced, and highly professional intermediaries working with both buyers and sellers in the successful transfer of business ownership. We handle all phases of the project including initial analysis, valuations, developing a confidential information memorandum, locating qualified buyers, negotiations, and execution of the transaction. For more information, please call or email Gary Papay @ 570-584-6488, gpapay@ckbc.net or visit our website @ www.ckbc.net.