

Around the Web: A Month in Summary

A recent article posted on Business2Community.com entitled “How to Close the Deal and When to Walk Away When Buying or Selling a Business” explains the business sale process and how to differentiate between a good deal and a bad deal during the process. Closing a deal involves quite a bit of legwork, including producing a letter of intent, doing due diligence, acquiring financing, signing a purchase agreement, and actually closing the deal. These items can be easier with the help of an M&A Advisor or attorney, but emphasis should be placed on the due diligence aspect: knowing the business inside and out is vital to a successful sale.



Walking away from a deal can be difficult for a motivated buyer, but is sometimes necessary to avoid emotional and financial disaster. The following red flags help to signify that it's time to walk away:

1. Inconsistencies
2. Neglect
3. Undisclosed Problems
4. Poor Credit Rating
5. The Industry is in Decline

Being prepared is one of the best things that a buyer can do in the business sale process. Whether preparation proves a business deal is worth it or uncovers red flags, it will be worth the effort.

[Click here to read the full article.](#)

A recent Axial Forum article entitled “3 Reasons an M&A Advisor is Worth the Cost” presents impressive statistics regarding the utilization of M&A Advisors in the sale process. 100% of owners that used an M&A Advisor when selling their business stated that the advisor had a positive impact on the sale, with 84% of these sellers achieving a sale price equal to or higher than the advisor's initial estimate.

While these types of statistics are expected among industry insiders, many business owners will still hesitate to hire an M&A Advisor for the sale of their businesses. As the article outlines, M&A Advisors can help to identify weak links in a business'

management team, find quick ways to increase cash flow, and whip financials into shape, among many other things.

[Click here to read the full article.](#)

A recent Forbes article entitled “The Question Every Owner Should Ask: Is Now The Right Time To Sell The Business?” explains why choosing to sell sooner is actually better in a lot of ways than putting off a business sale for a few years. The author goes on to explain how when exits are planned for some arbitrary point in the future, owners often never seem to make it there, ending up wanting to sell but never actually selling. The article goes on to explain five important reasons to consider selling now:

1. You May Be Choking Your Business
2. Money is Cheap
3. Timing Your Sale is a Fool’s Errand
4. Cyber Crime
5. There is No Corporate Ladder

Being an owner gives so much power over the path a business takes, whether it’s a sale or acquisition or even the owner staying on to work on the business for an extended period. The beauty of this is that the owner has the choice over whether or not to sell, but also the choice on what to do after. Starting another business is a common route to take for successful first-time entrepreneurs after an exit, so the sooner a sale occurs, the sooner they can get started on another business.

[Click here to read the full article.](#)

A recent article posted on the Axial Forum entitled “7 Reasons to Perform Sell-Side Due Diligence” talks about why sell-side due diligence can be a useful and productive technique within the M&A process. While buy-side due diligence is much more common, sellers can take advantage of this practice to maximize the value presented to potential sellers so that they can ultimately get more out of the sale.

Sell-side due diligence can help to uncover and improve:

1. Weak financial and operational data systems
2. Overextended employee resources
3. Unclear financial narrative
4. Unhelpful “tax guy”
5. Multiple entities and no consolidation
6. Likely purchase price reductions
7. Ineffective tax structuring

In the end, due diligence is part of any M&A process. But with so many things factoring into a successful sale, both buyers and sellers have a responsibility to know the business inside and out if they want to get the most out of a transaction.

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.