

## When Two Million Dollars is Just Not Enough

Not everyone wants to sell when they feel as though they have to sell. Life changes, such as divorce or illness, can trigger the sale of a business. Everything from declining business revenue to partnership problems and more can send business owners scrambling for the exit sign. However, selling isn't always an option, especially for small businesses. In this article, we will take a closer look at just such a situation.



The business under consideration is a successful distribution business, which is also a classic example of a value-enhanced business. The two owners each draw several hundred thousand from the business each year to go along with a range of other benefits. If hypothetically, the business was to sell for \$2 million dollars, each of the owners would receive approximately \$1 million. Of course, this sounds like a sizable amount. So, what is the problem?

When one stops to factor in such variables as taxes, closing expenses and debt, that \$1 million-dollar number has shrunk dramatically, leaving each owner with much less, perhaps as little as just two years of income. In such a situation, selling isn't a great idea. Many owners of small companies want to "cash in" and retire only to discover that their business isn't worth enough to do so.

Owners who want to retire but can't afford to do so are in a difficult position. Such owners may have already "checked out" mentally and in the process, have lost their focus resulting in a failure to both invest financially and creatively in the business. In turn, this decreases the value of the business even more, as competitors may likely move in to fill the void.

So, what does all of this mean for business owners? Business owners don't want to get stuck in the position we discussed thus far. Instead, business owners want to sell at the optimal moment, when a business is at its high point and the owners are not considering retiring and feel as though they have to sell.

Determining when is the best time to sell can be one of the single smartest business decisions that a business owner ever makes. Working with a professional and experienced M&A Advisor is a fast and simple way to determine if the time is right to sell your business or if you should wait. Waiting for the optimal moment to sell could be a painful experience.

*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](mailto:gpapay@ckbc.net) or visit our website @ [www.ckbc.net](http://www.ckbc.net).

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