

There's No Business Quite Like a Family Business

The simple fact is that family businesses are different. After all, a family business means working with family and all the good and bad that comes with it.



While an estimated 80% to 90% of all businesses are family owned, relatively few are properly planning for what happens when it comes time to sell. According to one study, a whopping 72% of family businesses lack a developed succession plan which is, of course, a recipe for confusion and potentially disaster. Additionally, there are many complicating factors, for example, studies indicate that 40% to 60% of owners of family businesses want the business to remain in the family, but only 40% of businesses are passed to a second generation and a mere 10% are passed down to a third generation.

Let's turn our attention to a few of the key points that family business owners should consider when selling a business.

1. Confidentiality should be placed at the top of your "to do" list. When it comes to selling a family business, it is vital that confidential is strictly observed.
2. Remember that it may be necessary to lower your asking price if maintaining the jobs of family members is a key concern for you.
3. Family members who stay on after the sale of the business must realize that they will no longer be in charge. In other words, after the sale of the business the power dynamic will be radically different, meaning that family members will now have to answer to new management, outside investors and an outside board of directors.
4. Family members will want to appoint a single-family member to speak for them in the negotiation process. A failure to appoint a family member could lead to confusion, poor decision making and ultimately the destruction of deals.

5. When hiring a team to help you with selling your business, it is critical that your lawyer, accountant and M&A Advisor are all experienced and proven.
6. Don't hold meetings with potential buyers on-site.
7. Every family member, regardless of whether they are an employee or an investor, must be in agreement regarding the sale of the company. Again, one of your primary goals is to avoid confusion.
8. Family employees and family investors must be in agreement regarding the sale price or there could be problems.

Working with an experienced M&A Advisor is a savvy move, especially when it comes to selling a family business. M&A Advisors know what it takes to make deals happen. Being able to point to a M&A Advisor's past success will help reduce family member resistance to adopting the strategies necessary to successfully sell a business.

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.