

The Top Ten Ways to Avoid Wrecking a Deal

Finalizing a deal is usually a complex process, and there is a good deal of room for error, misunderstandings, miscalculations, and good old-fashioned wild cards. That is why it is critical to carefully think through the deal process well in advance. In this article, we're going to explore the top ten steps you can take to avoid wrecking a good deal.



1. **Confidentiality** – At the top of our “how not to wreck a deal list” is confidentiality. It is vital that everyone involved in the deal takes steps to avoid a breach. Experienced business brokers are experts at maintaining confidentiality.
2. **Flexibility** – The second tip on our list is to be flexible. A lack of flexibility can absolutely destroy a deal. You shouldn't go into a deal expecting to have all of your terms met.
3. **Be Open to Negotiations** – Just as it is critical to be flexible, it is also important to embrace the concept of negotiation. Sellers are used to being their own bosses, but when it comes to successfully selling a business, no factor is quite as important as a willingness to negotiate.
4. **Advance Preparation** – Next on our list of musts to avoid wrecking a deal is to prepare for the sale well in advance. Sellers will want to make sure that they have several years of records as well as legal and accounting documentation ready and well-prepared. You can be 100% certain that any serious buyer will want to see your records and take a look at your financials.
5. **A Reasonable Selling Price** – An inflated price will decrease the number of buyers that take a serious look at a business. Additionally, an unreasonable price may make a seller look uninformed. Business brokers and M&A advisors are experts at handling valuations. One of the single best ways to boost your chances of finalizing a sale is to establish a fair and justifiable price for your business.
6. **Maintain Operations** – Far too often sellers lose track of the day-to-day operations once their business goes on the market. It is absolutely vital that sellers continue operating their business as though it may never sell. The bottom line is that it can take months, or even years to sell. The last thing any seller wants is for their business to lose value when they are in the process of trying to sell.

7. **Keep up the Momentum** – A lack of momentum can kill a deal. Working with a business broker or M&A advisor is an easy way to make sure you maintain momentum throughout the process.
8. **Consider Your Buyer's Needs** – Serious buyers will need a variety of information from sellers in order to obtain financing. You can expect buyers to need appraisals of assets, information on environmental regulations, and more. Sellers should have this kind of key information ready and waiting.
9. **Encourage Competition** – Another great way to avoid wrecking a deal is to achieve leverage via buyer competition. In general, it is a good idea to create a competitive situation – one in which prospective buyers know that there is more than one interested party. Brokerage industry professionals understand the delicacies of presenting this information.
10. **Seller Participation** – Finally, sellers must stay involved in the entire process, and that includes being willing to assist during the transition. Showing a willingness to help during the transition period will help to foster goodwill and trust.

There are many reasons why a deal could potentially fall apart. You may not be able to control every single variable, but by following the ten key tips outlined in this article, you will be well on your way to increasing your chances of successfully completing a deal.

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.