



Seller Can Stay Around Following the Sale

By Gary Papay, M&AMI

Selling a business and walking away can be very difficult. But in many cases, there's a transition ("training" and/or "consulting") period dependent on the size of the company and the role of the owner. Transitions may be as short as a month or two or as long as a year. In most situations, the buyer wants the seller to remain on board to shorten the learning curve and help with the smooth transfer of key relationships.

In the typical business sale, a transition period of four to eight weeks is included, and sometimes a "telephone consulting period" is added (e.g., 6 months of telephone consulting not to exceed 5 hours per month). Also, the seller may additionally be retained as a consultant at a negotiated rate. In some instances, a long-term employment contract is negotiated and the seller maintains daily involvement for a much longer period of time.

For the owner who wants to sell the company and leave quickly, the focus should be on the development of a strong management team. Be sure to introduce key employees/managers to your major customers and vendors and look at ways to delegate responsibilities. The more the customers think they are interacting with "the company" versus the "owner" the easier the transition.

If you've established a good management team, less time will be required for the transition to the new owner. In addition, a well developed team usually adds value to the sale.

Occasionally there are owners who want to sell but just aren't ready to quit working. They may be looking to sell early to get a premium price while the market is in their favor or to get away from unwanted or overwhelming administrative and management duties.

Either way, long-term employment contracts can be included in the sale agreement. The seller can stay on board and work with the business a few more years while still drawing an income and benefits.

If you're selling your business, in most cases you won't be able to walk away the day after the sale and in most cases you probably don't want to. Talk to your business intermediary about the true timeline of the sale and transition. If you want to sell while the price is right, but you're not quite ready to leave immediately, consider the options available to sell now and maintain a role with the company.

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