

# Ten Commandments for Selling Your Company

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**1. Thou shall own a company that was “built to sell.”** We are often engaged to prepare a company for

market that is not currently in optimal condition to do so. *We are firm believers that every company should be built to sell.* Even if a sale is never pursued, all stakeholders will benefit by regularly applying this principle. Examples include carving out a differentiated market position; making your company “fiercely independent” (rather than overly dependent on you, a particular employee, customer or supplier); and developing recurring revenue streams. Time and resources invested to identify and implement such key drivers of value will generate lucrative returns.

**2. Thou shall fix the fixables.** It may take far too long (even several years) to fully address key value drivers, but some things can be fixed quickly prior to going to market. For example, CPA compiled or reviewed financial statements can be obtained. Facilities can be better-organized and given a face-lift. Vital information can be reduced to writing such as customer orders and contracts, processes and know-how, production backlogs, policies and procedures, and job descriptions.

**3. Thou shall not set a price.** Why should a ceiling be set on your outcome? Rather, initiate negotiations realizing that each buyer responds with completely different strategic interests and motivations.

**4. Thou shall consider the entire universe of prospective buyers.** Buyers typically command most of the leverage in negotiations. Help tip that scale to your advantage by successfully

attracting multiple buyers. *One buyer is no buyer.* Often a professionally-orchestrated, controlled and competitive process is beneficial. Decide whether it will be better to position the offering to a limited number of best-buyer candidates, or to cast a much larger net across multiple pools of buyer-types. Most owners are ill-advised and substantially miss the mark here, thinking narrowly of only one or two buyers. A larger pool of prospects increases your probability for success and allows you to control and better-leverage your process.

**5. Thou shall paint a defensible growth picture.** Most buyers look for scalable opportunity. Not unlike publicly-traded stock, private companies also “trade” (in varying degrees) on *both earnings and expectations.* Think about what you would do if you were thirty years younger and had more energy, resources and tolerance for risk than you have now. Benefit significantly by clearly identifying channels for growth, including specific add-on acquisition possibilities.

**6. Thou shall engage a professional M&A advisory firm experienced in deploying a value-maximizing process.** Selling your company is perhaps the most important thing you will do in business, and something you will get only one shot at. Engage a firm that specializes in M&A and do it right the first (and last) time.

**7. Thou shall supplement the team with other trusted advisors.** Supplement your M&A advisory firm, by adding other professionals to the team. To minimize tax, consult with your company’s CPA firm and be sure to engage a law firm highly experienced in M&A transactions. Such a firm will be able to meet extraordinary deadlines and understand that as they protect

your interests they must also be a deal-maker, not a deal-breaker. Consult with a financial/retirement planning advisor and your insurance provider.

**8. Thou shall develop realistic expectations for the price and terms that your company will achieve in the marketplace.** As you prepare, be sure to have professional assistance in setting both aspirations and expectations. Part of the engagement should be obtaining a *credible* value-range assessment from a knowledgeable professional specialist.

**9. Thou shall get comfortable with the risks involved.** Like all major business endeavors, selling is not a risk-free proposition. A client may think: “Please sell our company, *but don’t tell anyone about it!*” Take all the important precautions with regard to possible confidentiality leaks and business disruptions, and carefully choose the best confidentiality strategy before you launch the process.

**10. Thou shall keep your eye on the ball.** Every buyer will be keenly interested in how the company has performed lately. Positive trends increase your chances for success and favorably affect negotiations. Let your M&A Advisors manage the process, you must focus on driving favorable results. The entire process can take months or even years. Nothing can devalue the outcome or even derail the entire process more readily than declining trends while underway.

*You have spent years and invested substantial resources building a company that is now an attractive opportunity for others. You have taken remarkable risks and made extraordinary sacrifices to get to this point. Exit on purpose; doing so from a strategically-planned position of strength and by tactically deploying a value-maximizing process.*