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The how, what and why of selling your business Part 2: Managing the business sale rollercoaster

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The sale process can be a wild ride but there are ways to smooth out the bumps.

As I mentioned in Part 1 of this series, selling your business can come at a high emotional cost. There is a great deal of money at stake and the sale represents the culmination of years of hard work. To add to the stress, selling is a complex process with many ups and downs.

The key to minimising the pain and increasing your chances of success is knowledge and forward planning.

Understanding the process and planning ahead puts you in control and makes the journey easier. Yet many sellers avoid or delay seeking advice and making plans. I hear many reasons, from "I had no spare time" to "I don't know where to start".

There are always reasons for not being prepared. But if you want to reduce your angst when the pressure is on, consider these tips.

1. Ask questions

Having answers to key questions will provide clarity and help with upfront decisions. Good questions to ask your advisor include: "How do I find the right buyer?" "Should we conduct an auction with multiple parties or deal exclusively with a single party?" and "How will confidential information be protected?"

Once you have answers to these and many other questions, you can agree on the best sale process, rules and timetable.

Don't be afraid to ask questions during the sale too. Are you worried about buyers talking to customers or staff? Ask. Does the preferred buyer have the money? Ask. It doesn't matter how many questions there are – it's important that all your questions are answered.

2. Get support

To answer your queries, you need an advisor with insight, patience and experience. To manage and engage with buyers, you need a confident, persuasive advisor who has done this many times before.

The ideal person will: understand your business and your industry; have a proven sale process and be able to plan the steps with you; be easily accessible; respond to queries promptly; and keep lines of communications open between everyone involved. They will be so on the ball, they will answer important questions before you've even thought of them.

3. Set the rules

To feel in control, set clear parameters from the start about how you want the sale process to be conducted. This should include the type and approximate number of parties to approach and the extent of information flow with these parties at various stages of the process.

It's important to be open with your advisor from the start. Your preferences could have implications for competitive tension, the strategic value that can be realised, the timing of the sale and other factors. A good advisor will set your mind at ease about aspects of the process that worry you, such as how to prevent competitors using the sale to obtain confidential information about your business.

4. Keep calm

Never underestimate how emotionally draining and time consuming the sale process can be. Without proper management, it's likely to be a big distraction from running your business.

For SME owners, your business represents far more than a collection of assets and an income stream. The stress of selling can be worse if the sale is being forced by poor health, financial woes or other external circumstances.

Whatever your situation, try not to let the sale process be hijacked by emotion, as poor decision making can ensue. Be guided by your advisor, because they will be your best source of practical, objective and unemotional advice.

Above all, keep your eye on the end game: achieving a good sale price on your terms. Your ability to do this hinges on finding the right buyer, so it is my topic for Part 3.

This is part of a series of expert SME business commentary provided by Moore Stephens. If you wish to receive the FREE eBook click here to register.

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