An Optimal Approach for Selling Your Business

By
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Having a sound business strategy includes having an exit plan in place that prepares you for the sale of your company long before you have to make the transition. Early exit planning gives you the confidence to look for a buyer when the time is right, or to weigh buyout offers in relation to your goals**.** Exit planning early is crucial because it may take one to five years to obtain the best price and close on a sale. You may be motivated to sell your business at different times for a variety of reasons, including:

- Market upturns or downturns
- Increased competition
- Burnout
- Changing family needs
- A desire to retire

Having an exit plan that effectively coordinates with your financial plan enables you to determine if what you can get for your business today will help you meet your long-term financial goals. If you need or want more for your business, you should consider what steps you should take to obtain a favorable selling price. Having access to a qualified team of advisors will help you objectively value your business, outline your goals for the sale and keep you on track financially.

Develop a Viable Sales Plan

By identifying your goals, you can explore the feasibility, timing and value of several sales strategies, such as:

- Selling everything for one price.
- Offering to work through several months of transition.
- Accepting a portion of the sale as a buyout with scheduled payments that provides you with an income over time.
- Selling part of the business now and keeping the remaining part for a future sale in order to defer taxes.
- Transferring or gifting part of the business to family members in order to remove it from your taxable estate.

Once you have a succession plan in place, be sure to re-evaluate it periodically. A succession plan is not something you can prepare and then forget. It's important to stay in touch with market influences and current tax laws, in addition to reviewing your changing income and cash-flow needs. Reviewing your plan helps clarify whether or not you need to expand the business before selling it in order to get what you want from the deal.

Getting the Best Price Available

Long-term strategic exit planning with specialists can help you objectively determine an appropriate value for your business and can determine ways to enhance value over time. You should choose an industry professional with sales and negotiation experience as your liaison. This person can then manage the marketing, bidding process and negotiations involved in a sale while keeping this process private.
Ideally, you want to be able to take advantage of favorable market conditions.

Work with your exit planning specialist, financial planner, attorney and tax advisor to select the appropriate strategies for distributing and reinvesting the proceeds of a business sale. Your immediate goals may include reducing your tax liabilities and providing an income to support your changing lifestyle.

For more information, please call us at 201-556-4618 or email us at Dan.Prisciotta@LFG.com.

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