

## **Strategic Preparation is Key to Selling Your Company**

Many people dream of starting their own company, but if you're one of the few who has turned their dream into reality, you know that it didn't happen overnight. Making your business a success involved plenty of research, preparation, and hard work that you were happy to invest in. What few who are ready to move on realize is that selling requires almost the same amount of effort and planning.

Entrepreneurs intent on selling often want to move as quickly as possible: they may dread the emotional letdown and want to make a clean break, or they may be eager to move on to their next venture. Either way, the more preparation time you put in, the easier and more successful the process will be. Just as home sellers get a better price when they address maintenance issues and throw on a coat of paint before listing, your anticipatory activities will smooth the way for selling painlessly and profitably.

Where to start? You want to take a two-pronged approach, looking at what's yours to make sure that you're protected, and looking at the business as if you're a potential buyer to ensure that everything is in order and is as appealing as possible. Here are our recommended steps:

- **Stay Tuned In to the Business**

Once you've made the decision to sell your business, there's a natural tendency to mentally check out. You need to guard against this, even as you focus on the steps you need to pursue to get the process started and look to your next venture. The success of your sale relies on the company operating at the top of its game, and if you're distracted or have a loss of interest, that's not going to happen. Put as much effort into the company's success as you approach its last day as you did in its first days.

- **Make Your Books — and Everything Else — Meticulous**

You may have all the numbers and figures in your head, but that's no help to a potential buyer. They want – and need — to see the pertinent records, go over the books, and double-check to make sure that everything is running as swimmingly as you say it is. They also want to make sure no legal issues are lurking, or other surprise entanglements. Not only should you get caught up on your accounts, take the time to update all your other financials, get all equipment maintained, organize your inventory, and gather all pertinent paperwork into a clean package that you can present with pride. Doing so will paint a clear picture of your company as a good investment.

- **Ensure that Trademarks and Copyrights in Place**

You've built a brand, but have you secured it? If you haven't secured a copyright, patent, trademark, or whatever other protection is suitable for your business, your most valuable asset may end up in someone else's hands. If you've been gliding along without the help of an attorney then it's past due time to hire one – even if you're about to walk away.

- **Establish Your Exit Strategy**

Do you intend to just walk away once all the paperwork is signed, or do you want to continue to play a role in the business you created? There's no right or wrong answer, but you need to figure it out before you start the sales process so you can present your plan as part of the package. Nothing will kill a deal faster than springing a previously unknown detail on a buyer whose plans don't mesh with yours.

Along the same lines, you need to consider what your post-ownership plan consists of. If you've already lined up a new gig that provides financial stability then you're all set, but if not then your deal may need to include details of deferred payments, stock options, maybe even a consulting fee, or other paid position for a period of time. You also need to consider your tax liability from any gains you realize from the sale. If your company qualifies as a qualified small business you may be able to defer the federal tax on your capital gains.

- **Take A Good Look from the Buyer's Perspective**

Once you've taken all of the steps to prepare for a sale and protect yourself, take a final hard look at what you're putting on the market. Just as you'd walk through your house and give it a once-over before you have an open house, you need to scrutinize the way the company's assets look from a potential buyer's perspective to see if there's anything else you could have done to optimize or reveal its appeal.

In addition to each of these steps you can pursue on your own, it is worth considering bringing in an expert to help you with valuation and the sales process. Not only will they guide you through what can be a challenging process, but they will also ensure that you haven't overlooked any important legal requirements.

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