

## SELLING YOUR COMPANY?

1. Selling a business is not a simple process -- you can be sure of two things -- it will take longer and be more complicated than you think.
2. Be prepared to make full representations and warranties about your business -- even "unknown liabilities."
3. Selling is a specialized process -- use expert lawyers, accountants and intermediaries experienced in the acquisition business.
4. Know before negotiations the fair market value of your company.
5. Price your company fairly -- the range of purchase values is not large -- probably +/- 10% in most cases.
6. Don't equate your company with IBM or P&G -- equate it with comparable competitors. If your price is more than 150% of the best public company in the industry -- you may be unrealistic.
7. Provide a continuity of management if you want a good price -- buyers have learned few entrepreneurs work harder after the sale.
8. Understand profits are a negative -- not a plus -- someone, sometime must pay those taxes in cash.
9. Keep flexible -- a sale is a two way street -- there is a time for rigid positions -- but don't overdo it.
10. Be creative -- there is a way around most log jams. Keep searching for alternatives -- you'll find the right combination.
11. Focus your time and energy on THE SALE -- it is the biggest one of your life.
12. Don't let the process drag on. Wine improves with age, but deals atrophy with age.
13. Keep your business healthy and growing during the selling process -- if profits drop, so does your price and your negotiating strength.
14. Don't be too generous with other people's money -- if you didn't give big bonuses, options and perks in the past, don't start now.
15. Use an intermediary such as a lawyer, accountant, and/or broker for negotiations but don't do it yourself. Does a surgeon operate on his own family?
17. It only takes one good buyer to make a good deal.
18. Keep a positive attitude at all times, because almost every lawyer and accountant prefaces a sentence with: "The problem is....."

19. Don't let the MBAs wear you down -- they thrive on statistics -- feed them data three times a day for your sanity.
20. Work closely with your selling team -- be open and candid -- it is not a good time to fail to disclose key information.
21. You can't eat your cake (Subchapter S) and expect to get the same price as a whole cake. Would you buy a cake with no frosting?
22. Be willing to give as well as take -- it will surprise the hell out of your adversary -- but don't give away the store.
23. Don't forget the five basic laws of economics:
- There is no such thing as a free lunch
  - The law of supply and demand always exists.
  - The value of an asset is not its for economic common sense.
  - Creative financing is in the eyes of the beholder, not the pocketbook of the seller.
  - Financial complexity is no substitute
24. Real estate is rarely sold for what the seller thinks it is worth -- nor would the seller buy it for what he says it is worth.

Replacement cost -- the value is its future discounted cash flow.

25. Keep your options open until you achieve your key goals. Don't say no until you have to and don't burn bridges -- they can be very expensive to rebuild.
26. Always use expert financial negotiators -- you only sell your business once -- it could be expensive on the job training.
27. Listen to your advisors, but make your own decisions. It is your company.
28. Don't count your money at the negotiating table. There'll be time enough for counting when the deal is done.
29. There is no closing until the closing.
30. Never look back.

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