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December 2016 - In This Issue:

OVERVIEW OF 15-STEP BUSINESS SALE PROCESS

WHY? BECAUSE

INDUSTRY KNOWLEDGE

WHAT IS MY BUSINESS WORTH

WHY? BECAUSE

The answer to a lot of questions often starts with "Because". With our businesses, why do we do things the way we do them? Because? Is that acceptable? As a child, when I questioned my parents about something they told me to do, the answer I often got was "Because I said so!". No further explanation needed! Yes - that's a parent - child thing. But not a business thing or so I would argue.

We often want to justify our position, to justify what we do and/or how we do it. But do we need to and should we justify what we do and/or how we do things? Or should we stop, think, and try to see if there are alternatives that might be better? It's about being open to CHANGE - the willingness to question everything and seriously consider change.

There is no obligation to change, but considering alternatives often will convince us that what we are doing is best - as far as we know - or that different might work better. Worth a try!

OVERVIEW OF 15-STEP BUSINESS SALE PROCESS

1) Work with your advisors to develop an exit plan:

- Consider your personal goals, your financial goals, your current financial situation, your desired legacy, the approximate current value of the business and your estimated desired time frame for your exit
- Develop a contingency plan to be implemented in the event of your premature death or disability
- Consider tax implications and implement required changes to minimize taxes
- Determine your exit options (i.e. a sale to a third party, transition ownership to family members, etc.)

2) Identify obstacles to a successful sale and implement plans to overcome the obstacles

3) Make improvements to increase the value of the business

4) Make the decision to sell your business

5) Interview, select and sign an agreement with a business broker or merger & acquisition (M&A) intermediary

6) Determine the fair market value of the business, your asking price, your desired terms and deal structure

7) Prepare the business for sale (hopefully much was accomplished previously when making improvements to increase its value)

8) Market the business confidentially through the business broker/intermediary

9) Meet with prospective buyers prequalified by the business broker/intermediary

10) Evaluate any offers or letters of intent received

11) Negotiate a preliminary agreement with acceptable terms, structure and contingencies

12) Cooperate with and survive the due diligence process conducted by the buyer

13) Work with your advisors to modify and approve the definitive legal documents used to transfer ownership of the business

14) Close the sale (yeah!!)

15) Provide post-closing training of the buyer and invest your net sale proceeds

INDUSTRY KNOWLEDGE & ACCESS TO BUYERS NATIONWIDE

Our presence as a Professional Business Broker is extended nationally as a result of being an affiliate of [BHarmony, LLC](#).



We also bring decades of experience and functional expertise in all the popular market segments as a result. Nothing takes the place or value in that of experience.

We partner with our clients to deliver solutions that help solve their most complicated needs prior to, during, and at the conclusion of the selling process. Our services are designed specifically to help small/medium size businesses and at a small business price. We go beyond the norm to develop new insights, prepare, market and drive results in the sale, thus insuring you receive the most value at closing. [Learn More](#)

WHAT IS MY BUSINESS WORTH

it will cost you absolutely nothing and there is no obligation in giving us a call or an email to request a simple valuation of your business. Relying on a professional that understands your industry is important. It is also wise to work with someone who is aware of current trends; and that is working with both buyers and sellers daily. This approach insures you plan for and receive the maximum return on the transfer of your business.

It is really more than a 15-step process

Much as step #1 above has 4 sub-bullets, the other steps could also have multiple specific action items. In fact, the four sub-bullets within exit planning could have additional sub-bullets themselves. The list above could easily be 50 deep, or even 100 deep. It is just a matter of how much detail is provided. As an overview, however, 15 steps adequately describe the process.

The middle-market sale process is a little different

For purposes of exit planning, we would define middle-market companies as those that have a market value of about \$5,000,000 or more. At a valuation of \$3,000,000 and below, most businesses will be sold to a wealthy individual buyer. At a valuation between \$3,000,000 and \$5,000,000, the business might possibly be acquired by a wealthy individual buyer, a larger business or a private equity group. At a valuation of \$5,000,000 and above, because the valuation is beyond the reach of almost all individual buyers, most businesses will be sold to a larger business or to a private equity group.

The middle-market selling process attempts to create an auction-like environment

The middle-market selling process attempts to create an auction-like environment with multiple bidders competing to acquire the business. As a result, the marketing effort is much more involved because larger companies and private equity groups are identified and pro-actively contacted to solicit interest. Because of the auction process, most middle-market businesses do not go to market with an asking price. Although there are differences, most of the 15-step business sale process identified above is still valid.

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SMALL BUSINESS VERSUS MIDDLE MARKET BUSINESSSS

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