DOLGIN PROFESSIONAL CORPORATION

BUILD A BETTER BUSINESS

Planning to Sell Your Business

Most entrepreneurs are both curious and open-minded about the prospect of selling their business at some future date in order to realize the inherent value that they have created having invested years of sweat equity. However, a relatively small percentage of business owners will take steps to plan for such a sale. Statistically, with the exception of a few "serial" entrepreneurs who will buy/build and sell a number of businesses over their lifetimes, for most business owners, the "sale event" happens but once in a business career. With this in mind, logic would dictate that some form of sale-related planning (whether in terms of an inter-generational family transfer or a sale to key employees/management or a 3rd party competitor) should be considered during the "growth" phase of any business.

Based on our firm's experience assisting hundreds of owners over the years buy and sell business shares and/or assets across many industries, here is our "**Top 10**" sale planning checklist:

1. ***Stay Organized***
   - use closing checklists
   - appoint a "deal" quarterback on both the legal and business side
   - use a "deal timetable" to move things along

2. ***Don't Drop the Ball***
   - unless you've got an internal M&A team at your disposal, doing a deal is very time consuming and can easily distract you from your core business
   - if you want to ensure your business does not deteriorate during the negotiations, appoint 1 person as the "deal manager" and ensure that its "business as usual" for everyone else

3. ***Don't Assume Anything***
   - watch out for 3rd party consents
   - see all documents before closing
   - don't walk into a closing with deal points still on the table

4. ***Confirm all Tax/Accounting Issues in advance***
   - carefully assemble your deal advisors early in the process

5. ***Anticipate Problems***
   - expect 11th hour blow-ups
   - understand the emotions at play along the "Deal Curve"

6. ***Understand Issues you want to Negotiate up front***
   - price is just the beginning
   - negotiate the sum not the parts; given all the variables involved, take a "puzzle" approach rather than negotiate from point-to-point
   - only deal with decision-makers

7. ***It All Comes Down to Risk Allocation***
   - every business has its minor "skeletons"
   - identify as many key risks in advance as possible
   - understand various legal and business techniques to manage/re-allocate risk

8. ***Take Advantage of All Tax Planning Opportunities***
   - maximize your after-tax proceeds; often the largest single deal expense is the tax bill

9. ***Keep Asking Why? Focus on Interests Not Positions***
   - people tend to negotiate based on positions not interests
   - understanding interests of both sides is key to finding the proverbial "middle ground"

10. ***Manage Professionals' Time – Cover More Ground Up Front***
    - final legal and accounting expenses are often more a function of how the deal process is managed rather than the deal size/complexity

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