## Selling your Business – Step by Step Process

So finally the time has come to sell the business.  After investing years of your time and uncounted thousands of dollars, it has become successful, providing for your needs and wants, and it's time to enjoy the fruits of your labor.  Where do you start?

A good time to start thinking about selling a business is right after startup, when it shows signs of beginning to succeed and become self-sustaining.  Even if you are planning on bequeathing it to your progeny or a partner, it's never too early to think about what will happen afterwards.

The first step is to take your time--selling a business is a complex process and you will only do it once.  Confidentiality is a necessity at this point, as word of an impending sale can cause repercussions among employees and business partners (suppliers, customers, etc.) alike.

Your position in the business is also a point to consider.  If you are the sole proprietor, the decision is yours alone.  However, if you are a partner or board member, selling your part of the business will involve more considerations.

Finding a good broker is worth any amount of time needed to locate one you are comfortable with.  Check the Better Business Bureau for any investigation history, and get referrals from fellow business owners or from industry associations like the International Business Brokers Association (IBBA).  This is a non-profit "trade association of business brokers providing education, conferences, professional designations and networking opportunities" (IBBA), as well as professional certifications and boasts over 1300 members.

Next, a professional appraiser should be consulted, as just like selling a home, a professional appraisal will give a fair value to begin negotiations with.  Keep in mind though, an appraisal is an estimate of the fair value of a business' hard assets, and the market value of the business may be higher or lower, as a business is only worth what someone else is willing to pay.

Determining major terms and price are issues that you are going to have to work out with your broker, but a few basic factors come into play: what do you want to get out of the sale?  Continuing salary?  Lump sum? Stock options?  This is a step often overlooked until late in the negotiations, often to the detriment of the seller.

Financing the sale is usually about 90% left to the seller.  If you can't or won't be willing to cover the costs of the sale, it may not be a good time to sell.

Once you and your broker have located a buyer and agreed on a price, a Letter of Intent is drafted.  This letter outlines the terms and tentative price in a non-binding document and allows the buyer time to thoroughly investigate the business.  This process is subject to Due Diligence, as the onus of discovery is placed upon the buyer and buyer's agent.

After the discovery process is completed to both parties' satisfaction, the Purchase Agreement is drafted.  This set of paperwork creates a formal agreement between buyer and seller regarding purchase price, terms, and other legal details.  Once the respective lawyers have finalized the details and complied with state law requirements regarding the sale, the Purchase Agreement is signed, closing documents finalized, and the sale is complete.  If everything has gone well, it's time to breathe a sigh of relief and start planning what to do with all that free time!


## About the Author

William King is the director of UK Wholesale Suppliers, Wholesale Suppliers, Dropshipping Directory and Pakistan Property Portal. He has 18 years of experience in the marketing and trading industries and has been helping retailers and startups with their product sourcing, promotion, marketing and supply chain requirements.