



Selling Your Business?

Things to consider to get an optimal result

by: Robert C. Goldberg, BTA General Counsel

For more than 30 years there have been entities purchasing office technology dealerships. Unlike companies in many industries that do not have exit strategies, office technology dealers clearly have options. Although there is no set formula to establish a purchase price for a dealership, the amounts buyers have paid have steadily increased over the years. If that constant rise in prices is actually a bell curve, do dealers now face lower values? The costs to buyers have increased thanks to higher interest rates and the result has been a corresponding decline in multiples of earnings before interest, taxes and amortization (EBITA) expenses.

The reasons for selling a dealership are highly individualized. But whatever the reason, once you have reached the decision to sell your business, the question is: "What comes next?" The sale of your dealership will perhaps be the biggest business transaction of your lifetime. So, before you consider selling, it is important to understand the nature of the sales process, the timetable that is likely to be involved, and the preparation that is required for the ultimate result to be successful.

Selling a business is an elaborate process, not an event. It generally takes three to four months from preparing for to closing on a sale. There are significant rewards to be obtained if you spend the time and money to develop a compelling story that will be attractive to sophisticated buyers. This includes compiling the data that buyers will want to review, validating financial results and presenting the company's potential in the best possible light. Involving more than one buyer in the process is likely to enhance the perceived value of the business. Interest among several viable buyers provides you with negotiating leverage and, ultimately, yields the best price.

There are many different facets of the sales process. If you attempt to do it without help, you will experience great stress and likely drop some balls. You have built a viable, thriving business and there are too many questions for one person alone to answer. You should bring highly trusted employees into the sales process and clearly communicate why the transaction will be good for the company and its team members. Putting financial rewards in place can ease employee concerns about life after the transaction.



Finally, you are more likely to get an optimal result when you retain professional advisors who understand the industry, who are able to source the best potential buyers to purchase the business, and who can present the company in the most favorable light to these buyers. There are many qualified individuals in our industry who can serve as advisors.

Selling a business is a big deal and it should be approached in a strategic, coordinated fashion with the understanding that it will require a tremendous amount of effort. Gathering all the necessary information will keep you occupied for many days and nights. Navigating through unfamiliar waters when the stakes are so high produces a high level of stress.

The good news is that there is a proven path to success and experienced individuals who are available to help along the way. The end goal will be worth it if the sales process is handled in a manner that allows you to realize a substantial financial reward for years of effort and sacrifice. Reach out to fellow dealers who have sold their businesses and gain their valuable insight into the dos and don'ts. The Business Technology Association (BTA) is a valuable resource as well. ■

Robert C. Goldberg is general counsel for the Business Technology Association. He can be reached at robert.goldberg@sfbg.com.

