

# Five Steps to Selling Your Business

## Step 5: Rework, Retool, Repeat

The final step in the 5 Steps to Selling Your Business series is about being nimble so that when the conditions present themselves, you can efficiently move the transaction from the initial offer to close.

By the time you have reached the end of the five steps to selling your business, you have a clear definition of the ideal buyer and the type of offer you want. However, your best-laid plans may not align with those of the marketplace, and you should be prepared to adapt your strategy to address the changes you may be facing.

The final step in the [Five Steps to Selling Your Business](#) series is about being nimble so that when the conditions present themselves, you can act efficiently to move the transaction from the initial offer to close. This requires that you conduct sell-side due diligence, keep the lines of communication open between the buyer and the seller and be prepared to respond to the questions, concerns and other issues that arise during the deal process.

### Consider the Market and Revisit Your Objectives

Fluctuations in market conditions could waylay even the best plans. Your company could experience a sudden change in product or service demand. Interest rates could steeply climb. A company with similar metrics to yours could be sold for a much higher price than what you had projected for your ideal purchase price. All of these situations are unpredictable and could have a significant impact on your sale price.

It is important to understand current market conditions as you approach close and adjust for it proactively rather than in drawn out final negotiations. Meet frequently with your sales team during the transaction



negotiation to discuss potential opportunities and considerations that could affect your timeline.

### Conduct Sell-Side Due Diligence

When market conditions become favorable or you begin to receive inquiries from interested buyers, your organization should take look again at its own house. Sell-side diligence by a reputable firm will help speed up the buying process, especially with buyers who are used to seeing diligence reports.



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The buyer will be conducting due diligence, and your organization will not want to be surprised by what the other party uncovers. Make sure that your statement of financial position and your accounting policies are in compliance. If not already required, you may want to consider undergoing a financial statement audit. Typically, three years of audited financial statements will highlight your compliance risks or other improvements that should be made and can demonstrate your historical performance to your potential buyers.

You should also consider the other factors that will affect your bottom line, including accounting for inventory costs, recognizing revenue from goods or services and accruals. If you uncover any issues, be sure to address them right away and be prepared to explain why the changes were made should the buyer uncover the changes during its due diligence efforts.

The process of re-examining your operations will help you to be transparent during the deal making process, which can help minimize delays along the way to close.

### Execute with Precision

Once you have identified the ideal buyer, you should meet with your team to discuss what you want to see in the letter of intent (LOI) and what items are critical to the success of the transaction. The LOI provides both parties with a framework for which to complete the ultimate sale of the business. The LOI also ensures that your potential buyer is negotiating in good faith with exclusivity during the negotiation period. Working with an advisor experienced with transactions can help minimize the back and forth between buyer and seller.

Similar care should be taken with the purchase agreement, which outlines a precise timeline for the transaction and also includes the risks each party will take on. Using a third-party advisor during the purchase agreement

drafting process is recommended. Advisors can assist with mitigating indemnification risks and addressing the issues that may arise between buyer and seller on the way to close.

### Complete the Sale

Planning for the entire sales process, from maximizing the value of your business through the post-deal transition can help you execute a business deal that meets your objectives. Analyzing your company's financial information, researching your transaction structure options and readjusting your objectives to reflect the unexpected changes that may come your way are essential to making the most out of your deal.

**For more information about how you can prepare and complete the sale of your business, please contact:**

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