

# Five Steps to Selling Your Business

## Step 1: Assembling the Team

Opportunities for a sale can arise quickly. To make the most of the chances that come your way, it helps to have a plan. Our series, *Five Steps to Selling Your Business* delves into the key elements you should include in your sales strategy.

As part of the first step in the planning process, you should assemble a group of people to assist in your decision-making, identify potential outcomes and timelines, determine your objectives for sale and coordinate with external advisors to help you evaluate your marketplace position.

### Identify Key Employees and Include Them in the Planning Process

Start the planning process by forming your internal team. You should make sure that the individuals who could bring insight or guidance into the sale evaluation process are included so that you're defining appropriate objectives for your proposed transaction. For example, if you're looking at selling off a division of your company, you may want to include the head of the division. That person may be able to provide additional insights about the division's market share, strengths and largest liabilities.

Be selective with whom you tap to be part of your sales advisory team, especially early on. You would not want your planning process to disrupt your day-to-day operations or for unnecessary and/or premature rumors to start permeating through your company. It's also important to keep the core group of internal advisors small to ensure you have consistent messaging about your company's key value drivers. Additional team members can always be included later to display the depth of your company's leadership team.



### Identify Potential Outcomes and Timelines

Once you have your initial, internal group together, discuss what you want from a purchase offer. Weigh all potential outcomes, from a merger with a competitor to selling your company to a strategic buyer. Looking at all your choices can help rule out those that don't align with your objectives while also preparing you for the unique obstacles associated with the options that you would like to pursue.



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Discuss what post-sale agreements you may want or be obligated to include. Some sale structures may require you to retain limited interest in the sold company or division post-sale. You may also want to consider adding in employment agreements to the staff affected by the sale. Terms you feel are necessary to include as part of the sale may narrow down what types of purchase offers you can consider.

Your timeline should also be part of the early discussion. Depending on what you want from your sale price, you may need a few years to build up your operations. Determine whether there are timelines you need to meet—such as selling the company before a member of the executive team retires—and whether your objectives can reasonably be achieved during that time frame.

### Determine the Objectives and Communicate with the Team

Before you begin communicating about the strategic opportunities your company is considering, you need to solidify your objectives and your communication plan. Maybe in the early phases, you decide to keep the team to a small group of executives, and as interested buyers come in, you slowly draw in more high-ranking managers or other members of the leadership team that work more hands-on with the potential sale assets.

Buyers want to see and hear consistency when they're discussing a potential transaction with your company. Everyone who meets with a potential buyer should be on the same page when it comes to the company's key value drivers and its liabilities. Failure to present along a unified front can cast doubts among potential buyers, sometimes resulting in buyers walking away from the negotiation table. Meeting as a team to establish, review and ingrain your key talking points among those involved will go a long way toward establishing your consistent and united message.

### Procure the Right Advisors

Outside advisors who have expertise with complex transactions can assist with the sale preparation process. They can provide insight into the best approach for your desired outcomes and identify hidden risks or obstacles that they have seen with similar deals. There may be tax considerations that need to be factored into the conversation or unique hurdles that come with the way your company is structured. Advisors may also be able to provide best practices for how to define objectives and achieve the desired timeline for your transaction. Finding the right advisor that fits your company and your needs can make all the difference in achieving your desired result.

If you have any specific questions, comments or concerns about your company's sale plan, please contact:

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