

Steps to Selling Your Business

or... “How to Spend More Time on the Golf Course and Less Time Worrying About Your Financial Future”



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As the owner of a privately-held business, it's likely that at some future date you will want to sell your ownership position.

*The following publication is designed for business owners who have started **seriously thinking about selling**.*

We have used a golf theme to help discuss this complex subject and lend a little humor to an otherwise serious subject. We will be comparing you, the business owner, with a weekend golfer. Hopefully we can have some fun with this analogy as we head down the fairway. And, maybe these tips will help improve your "score" should you definitely decide to sell your business.

We'll use the front nine of our imaginary golf course to expose some myths and get you in a realistic frame of mind about selling your business.

1

The Hole in One

Golf

Myth:

“If I play enough, I’m bound to make a hole in one someday”

Fact:

Most golfers, including many pros, never make a hole in one.



Business

Myth:

“Someday a ‘Godfather’ will come along and make me an ‘offer I can’t refuse’.”

Fact:

It rarely happens. Instead, you are likely to be approached by “vultures” who want to “steal” your company. Getting a fair price doesn’t just happen.

2

A Different Set of Skills

Golf

Myth:

“I’m a great athlete. In fact, I was an All-Pro tackle. Golf ought to be a snap for me.”

Fact:

Golf is a game of great precision. It requires a totally different set of skills than football, swimming, gymnastics, etc.

Business

Myth:

“I built this business into a big success, mainly through my marketing/selling skills. I don’t need help in selling my own company.”

Fact:

Selling a business requires a totally different set of skill and know-how than selling a product, a service, real estate, etc.

3

It's Not As Easy As You Think

Golf

Myth:

“I could shoot scratch golf if I played more.”

Fact:

Few people are capable of ever playing scratch golf, no matter how much they practice. We all have certain limitations.

Business

Myth:

“I've got a potential gold mine here.”

Fact:

Few businesses are “potential gold mines”, no matter how well-managed. A business is worth no more than its “proven reserves”; i.e. its proven earning power.

4

The Truth of the Matter Is...

Golf

Myth:

“I’ll do great this weekend. I took two lessons and spent four hours on the practice tee this week.”

Fact:

Reality will set in by the 5th hole, when you are already 6 over par. Improving one’s golf game is a slow, difficult process.

Business

Myth:

“I get several calls a month about selling my company. When I decide to sell, buyers will be beating my door down.”

Fact:

Those calls are probably from brokers who are doing some “prospecting”, not from buyers. Financially capable buyers, who will pay what the business is worth, don’t make these kinds of calls.

5

Knowing All the Angles

Golf

Myth:

“The shortest distance between two points is a straight line.”

Fact:

That depends on what obstacles are in the way. Blasting through the woods is likely to flush out some wildlife and cost more strokes and agony than you ever imagined.

Business

Myth:

“The best way to sell a company is to post a listing on the internet.”

Fact:

This is guaranteed to attract mostly “vultures” and “tire-kickers” rather than viable buyer prospects. It also makes it difficult to protect confidentiality.



6

Taking Everything Into Consideration

Golf

Myth:

“My 7-iron is magic in my hands at 140 yards on my course back at Hometown Hills. It’s 140 yards to the green here, so my 7-iron ought to work fine.”

Fact:

There is a strong tail wind, the green is dry and fast, and behind it is a gully that resembles the Grand Canyon. You need to use a shorter club to avoid disaster.

Business

Myth:

“My CPA firm has a merger and acquisitions department. They will do a fine job of selling my company.”

Fact:

CPA firms are great at analyzing businesses, and lawyers are great at writing purchase agreements. But neither are experienced at **selling** businesses. You wouldn’t hire a CPA or attorney to sell your house. Why would you choose one to sell your company?

7

Things are Just About to Get Better

Golf

Myth:

“I’ve used up all my bad strokes (I’m 8 over on #7), so I’ll probably par the rest and still break 85.”

Fact:

The way you’re lunging at the ball today, you’ll be lucky to break 110.



Business

Myth:

“Sales and profit have been flat for years because we’ve plowed everything into product development. We’re now at the threshold of a great leap forward.”

Fact:

Only you and your mother will probably believe that. But if it’s true, don’t sell now. Buyers pay for proven earnings ability, not blue sky.

8

“I’m Just Here for the Fun”

Golf

Myth:

“I really don’t care what I shoot. I’m just here for the fun.”

Fact:

You want to be one of the boys and you haven’t found an honorable way out from this weekly embarrassment.



Business

Myth:

“I’ve turned down more offers to sell than I can remember; I just enjoy keeping busy.”

Fact:

Maybe you should have sold years ago, before competition started playing hardball. Perhaps, your business has peaked – if so, it will never be worth more than it is today.

9

“Me? Need Help?”

Golf

Myth:

“Who needs help from a pro? It’s just a matter of playing a lot to improve my game!”

Fact:

Even the best golfers in the world use teaching pros when they have problems with their game.

Business

Myth:

“I’ll figure out how to sell my business just like I solve all my problems...with lots of hard work!”

Fact:

Wise businessmen know when it’s necessary to get help from specialists who have expertise, an unbiased viewpoint, and time to focus on a problem.

When You Need Help: Call the Pros

When you need the help of qualified, respected mergers and acquisitions specialists, contact the experts at Kasper & Associates.

Kasper & Associates specializes in selling medium-sized businesses in the manufacturing, distribution, transportation, service and construction fields. Headquartered in Fort Worth, Texas, Kasper & Associates serves the Dallas/Fort Worth Metroplex and surrounding North Texas areas.

Kasper & Associates' merger and acquisition specialists have extensive experience in analyzing businesses, creating sales opportunities and matching sellers with appropriate buyers.

When you are ready to play that final round for the big prize, call on the pros at Kasper & Associates.



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