

# Steps to Selling Your Business

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

**SECOND EDITION:**  
THE BACK NINE

**KASPER & ASSOCIATES**

Ed Kasper, Founding Partner  
Layne Kasper, Managing Partner  
[www.kasperassociates.com](http://www.kasperassociates.com)

*In the first edition of “Steps to Selling Your Business”, we used the front nine of an imaginary golf course to expose myths some business owners believe when they consider the sale of their company.*

*Because we received such an outstanding response to that publication, we’ve decided to continue the round and attack the back nine of the course. In this second edition we’ll discuss realistic and positive actions business owners can take to deal with key issues such as:*

- *What is my business worth?*
- *How can I get the best price?*
- *How can I maintain confidentiality?*
- *What is the role of an M&A specialist?*
- *And more...*

*Let’s tee off again!*



# 10

## Figure Out What You Want

This is the first and most important step. You need to say to yourself, *“I am willing to sell if...”* The answers might be termed your “objectives” (and you need to write them down). You should consider questions like these:

1. What exactly do you want to sell (i.e., the whole company, one division, 80% of the stock, everything but the real estate, etc.)?
2. What price do you want to be paid and what terms are acceptable (i.e., all cash only, cash plus a 5-year note, cash plus a royalty, cash plus a percent of sales, cash plus an employment contract, etc.)?
3. Which and what kind of possible buyers are you **not** willing to sell to?
4. When do you want to get the business sold and what priority do you give it?
5. Do you want to remain with the company, and under what conditions?
6. How important is it to maintain confidentiality?



# 11

## Stand Back and Look Before You Leap

Now that you've determined your "want list", try to find out how realistic these objectives are. This can be tricky (just like the golf shot below), but it will have to be done sooner or later.

The first step is to ask yourself if you would take the "deal" you're hoping someone else will take.

Second, get some expert advice. The best advice you will get is from someone who makes their living **selling businesses** (*such as Kasper & Associates*). They know the market and can tell you what your business is worth in the marketplace and if your expectations are realistic.



# 12

## Adjust Your Aim

Now that you have an expert opinion or two, it's decision time. You may decide not to proceed further. Maybe you were told to wait a year or two until your new "widget" starts making a profit. Maybe you were told that no one would buy your company unless you would stay on. Maybe you were told your price was way off the scope.

At any rate, now is the time to zero in on your objectives and either proceed to sell or stop for the time being.



# 13

## Get Dressed for Success



Assuming you've decided to sell, you need to "dress up" your company so that you put your best foot forward. Kasper & Associates can help you do this. They may suggest you wait to clean up your financial statements, do some painting/renovating at your facility, get records in order, etc. before you proceed.

# 14

## Get Your Assets Appraised

You may want to obtain an appraisal of your Fixed Assets (land, buildings, machinery, equipment, vehicles, etc.). This should be done by a reputable, certified appraisal firm. Get both a “fair market” and “orderly liquidation” appraisal. Why might this be necessary? A buyer may ask for this appraisal, because their lender needs it to finance the purchase.

The value of your *intangible* assets will be factored into the valuation you receive from your merger and acquisition specialist.



# 15

## Choose the Right Partner

If you've decided to use a merger and acquisition specialist to help you sell your business, here are some guidelines:

- Must have a track record of success in selling your kind of business, in terms of size and type of business
- Must understand your local market
- Must represent you (not the buyer) and on an exclusive basis (good M&A specialists insist on that)
- Must have an impeccable reputation





# 16

## Tell It Like It Is

Be completely open with your M&A specialist. They need to know everything about your business that will be of interest to a buyer. They need to know your company's weak spots as well as its strengths so that they can find the "ideal" buyer.

Your M&A specialist is a "matchmaker". The more they know, the better match they will make for you. This helps you get the optimum deal.

They will spend some crucial time with you at the start. Then, you can keep running your business while they find and screen buyer prospects.



# 17

## Cutting the Deal

Your M&A specialist will indeed be a middleman at this stage, testing what the buyer's real top price may be and trying out various alternatives between both parties. Ideally, preliminary negotiations will be going on simultaneously with several possible buyers. Soon, one buyer will emerge who seems to best meet your criteria with regard to price, terms of sale and "chemistry". A brief "Letter of Intent" will then be drawn up and signed.



# 18

## The Final Shot to Victory

The signing of the Letter of Intent will lead to “due diligence” being done by the buyer and their representatives – CPA’s and attorneys. Adjustments in terms of sale may be agreed upon at this stage when the final purchase agreement will be drawn up for closing the transaction.

It’s not uncommon for a stalemate to be reached on some issues prior to finalizing the purchase agreement. Your M&A specialist will step in to try to get these issues resolved.

Now, let’s stop at the 19<sup>th</sup> hole and celebrate the closing of the match!

We hope the information presented in this edition will help you make a decision. Best of luck to all who will be selling their company.



# 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.*



# **KASPER & ASSOCIATES**

*Premier North/Central Texas Merger and Acquisition Firm  
(Established 1984)*

Ed Kasper, Founding Partner  
MBA, TCU 1968  
817.738.4220, ext. 103

Layne Kasper, Managing Partner  
MBA, University of Dallas 2001  
817.738.4220, ext. 102  
[kasper@kasperassociates.com](mailto:kasper@kasperassociates.com)