

How to Get Emotionally, Psychologically and Financially Prepared for the Sale of Your Business

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Selling a business is a very daunting task. It is hard to be objective when you have devoted five, ten, twenty or more years towards creating and growing a business that has enabled you and your family to live comfortably. But during this time period, you have built up unrealized wealth that is tied up in the equity of your business. Only by selling your business can you adequately extract that equity and convert it to liquid assets. The process is very time consuming and very emotional. There are many issues you need to consider such as:

1. What will you do with yourself after your business is sold? Will you travel, visit grandchildren, start a new venture, care for aging parents, etc.?
2. Will you realize adequate funds from the sale of your business to have a comfortable lifestyle?
3. How will you handle your medical insurance needs? If you had a company plan during the time you owned your business, you may not be able to obtain another similar plan. If you are 65, you can resort to Medicare and a Supplemental Medical and Drug Policy.
4. Will you provide some amount of owner financing to help the buyer make the purchase? If you do, you can realize rates of return of 6% or more which is superior to what banks and money markets pay.
5. Are you concerned about what your adult children will do when their jobs have been eliminated? They will need to seek out other employment which may take some time. But if they do not have the net worth and liquid assets to buy your business, you must put yourself first. You can always provide minor financial assistance while they are getting back on their feet.
6. Will you invest part of your sales proceeds to generate additional investment income? You will want to seek the counsel of a Certified Financial Planner.
7. What type financial intermediary will you use to help you sell your business? You will want someone with a proven track record and many testimonials. At a minimum, the person should have 15 to 20 years of experience putting buyers and sellers together. He or she must be an expert at “thinking outside the box” since they will need to help break deadlocks when necessary.
8. Make sure you meet with your CPA to understand the tax implications of selling your business. Should it be an asset sale or a stock sale? Should it be an installment sale? Should you only sell part of your business by taking on a partner?
9. The intermediary professionals working at Bottom Line Management, Inc. can either answer your questions or steer you towards other professionals who can become part of the team.

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