

To Sell Or Not To Sell...Your Company: Five Things To Consider

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It's the great American dream: Build a great company and then sell it for enough money that neither you nor the ones you love will ever have to worry about finances again.

Believe it or not, in speaking with countless business owners over the years, nearly all seem to agree that it is more rewarding to create a great business, versus to sit back and enjoy the fruits of their labors.

Whichever camp you are in, there still comes a time for everything. And when you are considering selling your company, careful planning can ensure that you do so at the right time and in a way that optimizes your objectives.

Here are the top five considerations every business owner should know before selling their company:

1. **Estate Planning.** Are you maximizing your options?

A good starting point is to review your current estate plan with a particular eye to whether or not you are maximizing your planning options. There are several vehicles such as GRATS, charitable remainder, and other trusts, and in certain cases outright gifts that might lessen the tax burden of the transaction. Many of these options are less attractive the closer you get to a deal so this can be a long lead time item.

1. **Your Family.** Are you thinking big picture and long-term?

If the business is a family or other closely-held business you need to think carefully through the family dynamics. If you want to make sure that existing family members who work in the business continue to do so, this could affect who the buyer is. Most private equity firms have a relatively short investment horizon and many come with their management teams. If the sale of the business inevitably will mark the end of family involvement have you prepared for this? Have you discussed the situation with your family and determined how they feel about it? If they won't continue to be involved, have you made sure the next generation has the right experience and skillsets to survive independently? Perhaps they need more time and seasoning and it's too early to sell from this perspective.

1. **The Business.** What is the company vision, and what does it need to thrive?

You've run the business for a long time successfully and know what it will take for it to be successful. You need to carefully think about what the business needs going forward. Does your Buyer share your vision and have the right resources in terms of talent and capital to keep the business growing? Do they understand the industry challenges and dynamics? It can be quite

painful to watch a life's legacy destroyed by poor planning, especially when it could have been avoided.

1. **Retirement Planning.** What comes next?

Studies show that many people suffer a significant cognitive decline when they retire. This is particularly true for successful business owners as they step away from the highly challenging role of running the company day-to-day. Are you ready to let go? Is it important for you to play a transition role in the business (for either you or the buyer)? Do you think you can work under someone else's control? If you don't intend to stay for any significant period just what are you going to do?

1. **The Financial Side.** How will you manage and invest your money?

The sale of your business is likely to radically alter your financial situation. You have always had the business to fall back on until now. You also now may have a significant amount of money you need to invest. Do you have a trusted investment professional in your corner? A money manager that may have served you well to this point in your life may not be the right person going forward. Spend enough time with your investment team to be sure they know what you want. After all, you're not likely to have a second chance to build a special business.

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Those who wish to discuss their particular situations and how these considerations may impact them should consult their [Goulston & Storrs attorney contact](#).