



Considering a Sale of Your Business... *Where to Start??*

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Pulling from the famous *Sound of Music* song- “*Let’s start at the very beginning, a very good place to start,*” this article is intended to help answer the most basic question that often delays the planning process for the sale of a business, sometimes for several years: ***Where to even start??***

If you’re the owner of a small to mid-sized business and are mulling over its eventual sale or some transition of ownership (which, by the way, all owners *should* be giving this some thought), your first real step in the process (after reading online articles such as this one), should be to talk with one or more professionals with experience in selling closely-held businesses. It’s as easy as that. The most likely professional to seek input from is your accountant or business attorney, and it can simply be the question, “*Hey, where do I start if I’m thinking of selling my business some day?*” Another initial contact may be your commercial banker. A surprising number of banks now have one or more individuals on staff dedicated to working with bank clients on ownership transition planning. If your contact does not have relevant experience personally, they’ll likely know someone who they can refer you to, or invite in to talk with all of you together.

Once you find an individual with relevant experience, you’ll want to make sure they obtain a good understanding of your business, as well as your personal desires for a transition, both for the business and you personally. When I first meet with a client to discuss a potential sale of their business, along with getting a basic understanding of the business, a few more personal issues I like to understand are their motivation in selling, desired timing, and their interest to continue to work with the business for some time after the sale. I encourage you to ask questions and share your concerns relevant to the situation. If you don’t have an existing professional relationship with the advisor, I’d encourage you to ask questions about their experience, their thoughts on the process, and to describe their anticipated role if its more than just an informational background meeting. This is a big deal, it’s important you have a comfort level in your primary advisor’s interest in and understanding of you and your business.

You may also reach out to, or be contacted by, a business broker. A quick cautionary note on business brokers... some have deep knowledge about the process and are very proactive, yet others are not. I’ve seen both ends of the spectrum. Before signing an engagement letter with a broker locking you in for up to a year or maybe longer, you should ensure you have a clear understanding of the role and scope of services they’re committing to provide. I also strongly recommend you have your attorney review any engagement letter before you sign it.

As to timing, when should you reach out and begin the above conversations? The best answer in pretty much every situation is... *Right away!*

Even if you don’t contemplate a sale or other ownership transition for several years, it’s still a good idea to have an initial conversation. Many professionals, including me, are quite willing to have an initial, confidential “meet and greet” consultation, without charge, as an introduction and to walk you through what you can expect, and possibly be able to provide some basic take-aways for you to begin to consider. I encourage you to take advantage of such opportunities. Needless to say, the further away from a desired sale, the more planning can be undertaken. Hopefully it will also help in demystifying the concept.

In any case, the most important thing is to move past Internet searches and casual conversations with a spouse or friend, and begin the conversation with one or more professionals.

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