

TIPS FOR SUCCESSFUL SALES

- Make a firm commitment to the sales process
- Decide who is in charge and speak with one voice
- Get the script straight – practice the elevator speech
- Know what's for sale – assets, customers, M&E in place, employees in place, going concern, reputation, real estate, branding/logos, technology, computer system...
- Continue to manage the business
- Expect leaks and plan for damage control
- Begin customer, supplier, and advisor tours as a smokescreen
- Set time frames, to-do's and milestones
- Set a realistic price
- Organize a professional team of advisors – partner with the pros
- Offer stay bonuses for key managers
- Discuss the potential sale with your banker. They don't like surprises
- Be a nag on confidentiality
- Realize that E-mail isn't a safe and confidential communication method
- Set up a War Room
- Use three ring binders to secure documents in the War Room
- Prepare a thorough sales memorandum to reduce "look-see tours" and to shorten due diligence time
- Clean up the balance sheet
- Disclose off balance sheet items (lease escalations, coupons outstanding, purchase contract price escalations, special customer invoicing terms)
- Consider only valid adjustments to the income statement when computing discretionary cash flow
- Prepare to back up the income statements with tax returns
- Audited financial statements may significantly increase business value
- Clean up the premises and generate curb appeal
- Develop a list of target buyers in the industry
- Revisit the business plan
- Point out non-negotiable issues early
- Extend favorable leases; negotiate transferability clauses
- Understand that selling out doesn't necessarily mean goodbye
- Perform due diligence on the buyer (financial resources, personality, intentions)
- Outline a favorable Letter of Intent
- Try to control the drafting of the purchase agreement (usually Buyer's job)
- Rehearse answers to expected questions (why are you selling; how can the business be improved; what are the competitive advantages; is it a "relationship" business; is M&E up-to-date?)
- Take charge of the sales effort.