

"When the Time is Right, Consider Selling"

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At some point, all business owners consider selling their business, at that moment, all the days, nights, money, effort, worry and care invested, hang in the balance. So what is the right time to sell a business?

The right time is when the company's future is at its greatest. Oddly enough, the right time to sell is when you are least likely to think about it because the opportunities ahead seem lucrative.

When you sell a business, you are selling its recent performance and corresponding cash flow. Buyers look at your performance and translate it into potential for themselves. When we talk to business buyers, 50 percent of the conversation is about the future, 30 percent is about the present and only 20 percent is about the past.

We work with buyers looking at a variety of forms and terminology reflecting their desire for Return On Investment. Terminology include: cash on cash return, a percentage of EBITDA, a multiple of the businesses Seller's Discretionary Cash, a percentage of future earnings, or quite simply a satisfactory wage for the overall risk and time commitment. Plainly stated, a growing company is much more attractive to a buyer than a stagnant company. You can sell when the opportunity is greatest if you have a sense of when that occurs.

In order to maximize your yield, you may not want to sell at the start of your company's growth. You have no track record and the future is less clear. Neither do you want to sell when your company is at its peak. Your profitability has or will plateau and you will not realize the maximum sales price, as illustrated in the example of the growing company.

Obviously there are numerous things to consider when timing the sale your business: tax liabilities, asset preservation and investment advice, a future income stream, avoiding liability when selling, etc. A broker can educate you through this difficult and emotional process. At a minimum, once you have worked with a competent broker, these decisions and more will become clearly focused. It is your money and your retirement; an educated decision regarding the entire sales process is the best one.