



10 essential considerations when selling your business

Selling a business is a significant decision, often marking the culmination of years, if not decades, of hard work, perseverance, and dedication. The process can be complex and emotionally charged, and being well-prepared is key to ensuring a smooth transition and achieving the best possible outcome. This article provides a detailed checklist to help guide medium-sized business owners through the necessary steps in preparing for the sale of their business.



David Turnbull
MBA, CFA®
Head of Private
Company Advisory

1. Begin planning early

Planning for a business sale should ideally begin years before the actual sale. This involves understanding the market, grooming potential successors, and positioning your business to be attractive to potential buyers. This also includes getting your financials in order, improving business operations, and resolving any potential legal issues.

2. Understand your business's worth

It is critical to have an accurate understanding of your business's value. You may wish to employ a professional business valuator or use industry multiples as a starting point. Be prepared to justify your valuation to potential buyers.

3. Get financials in order

Buyers will want to see well-organized, clear financial statements going back several years. Ensure your profit and loss statements, balance sheets, and cash flow statements are up to date and accurate.

“Be prepared to discuss your customer base, the uniqueness of your products or services, and your business’s strategic advantages.”

4. Legal housekeeping

Address any outstanding legal issues that could become obstacles in a sale. This could include patent disputes, employment contracts, or outstanding litigation.

5. Organize key business documents

Prepare a comprehensive portfolio that includes key business documents such as contracts with suppliers, customers, and employees; lease agreements; and a list of assets included in the sale.

6. Identify potential buyers

These could include competitors, customers, suppliers, or financial buyers like private equity firms. You may also consider using a business broker to help you identify potential buyers.

7. Develop a sales pitch

Your sales pitch should highlight your business’s strengths, growth potential, and market opportunities. Be prepared to discuss your customer base, the uniqueness of your products or services, and your business’s strategic advantages.

8. Plan for due diligence

Buyers will want to scrutinize your business’s financials, legal issues, customer base, and more. Prepare for this process by having all relevant information ready and accessible.

9. Prepare for negotiations

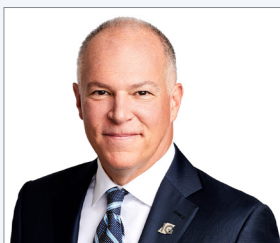
Have a clear understanding of your bottom line and be prepared to negotiate price, terms, and conditions. Also, consider involving a lawyer or business advisor in this process.

10. Plan for the transition

Post-sale transition can be a delicate process. Have a clear plan for how you will transition the business to the new owner to ensure a smooth handover and minimal disruption to the business.

Selling your business can be a complex process, but with careful planning and preparation, you can position yourself for a successful transition. Remember, it’s okay to seek professional help in areas where you’re unsure. Accountants, business brokers, and legal advisors can all provide valuable assistance during this significant moment in your business’s lifecycle.

ABOUT THE AUTHOR



David Turnbull
MBA, CFA®
Head of Private
Company Advisory

David is Senior Vice President, Head of IG Private Company Advisory, where he leads the team that provides mid-market business clients with strategic advice and services related to business financing, growth and succession. He brings over 27 years' experience in investment banking and capital markets. Before joining IG in 2023, David led the private company advisory business at a leading Canadian financial institution.

David is a Chartered Financial Analyst and has a Master of Business Administration degree from the Richard Ivey School of Business at Western University. Additionally, he teaches mergers, acquisitions and business strategy part time at the Ivey Business School. David is based out of London, Ontario.



igprivatecompanyadvisory.com / [f](#) / [t](#) / [v](#) / [in](#)

This is a general source of information only. It is not intended to provide personalized tax, legal or investment advice, and is not intended as a solicitation to purchase securities. For more information on this topic or any other financial matter, please contact an IG Consultant. Trademarks, including IG Wealth Management and IG Private Wealth Management, are owned by IGM Financial Inc. and licensed to subsidiary corporations.

© Investors Group Inc. 2023 EST2238HNW_E (07/2023)