WHAT IS REALLY IN THE MIND OF YOUR BUYER?

It is always important to try and put yourself "in the other person's shoes." This fact is of paramount importance when dealing with prospective buyers. Thinking like a prospective buyer could, in fact, be the difference between selling your business and not selling your business. Yet, it is important to continue to put yourself in your buyer's shoes during the entire sales process.

It is easy to think that because everything is going smoothly with the sale of your business that the tough part is behind you. That may be true, but then again there could still be problems ahead. Issues can come up at a moment's notice when either your prospective buyer or his or her advisor raises a red flag. Additionally, the larger the business, the greater the complexity. This translates to the greater the risk of problems arising.

The "Little Things" that Could End Up Quite Big

Financial statements are of considerable importance. Quite often you'll see contingencies regarding financial statements and/or business tax returns, so be ready and be organized. Lease issues is another common category for contingencies. Falling under the lease issue umbrella are topics such as whether or not the seller has agreed to stay on, or issues regarding the property or needs associated with the property if it is a rental.

Other common contingencies can include issues arising from equipment and fixtures that are being included with the sale. These are areas that could be easy to overlook, but they can serve to throw a major wrench into the workings of a deal. The so-called "little things" can cause a deal to fall apart.

3 Key Steps for Preventing Disruptions from Contingencies

Step One – Create a Comprehensive List

One easy move you can make to prevent disruptions from contingencies is to make a list of all FF&E or furniture as well as fixtures, equipment or any other items that could be included with the sale. If an item is not included be sure to remove it entirely.

Likewise, if an item is inoperable then repair it ahead of time. Or at the bare minimum, you could make a list of items that are currently inoperable and include those items in your list. Remember, you don't want a last-minute surprise or misunderstanding to jeopardize your sale.

Step Two – Check Your Leases

Problems with leases can send deals spiraling out of control. It is a prudent investment of your time to look at things like your leases. You'll want to make certain that there are no issues that could be viewed as problematic. If there are issues, then it is in the best interest of the deal that you disclose this information at the start of any deal. After all, you don't want to waste anyone's time, including your own.

Step Three – Predict Questions and Have Answers Ready

The time you invest in predicting potential questions and having the answers to those questions ready is time very well spent. You'll look prepared and that helps build trust.

Be ready to answer questions that are likely to arise such as are you going to stay on with the business for a given period of time and what will be the cost, if any, of you doing so? What about employees staying on? Are there legal issues that should be considered? Being able to answer these kinds of questions is a prudent step.

Considering the needs of your prospective buyer will help you make a sale. In selling a business, there is no replacement for being organized and prepared.