

M&A Corner

Dealmaking tips specific to L&NW's readership

Maximizing Your Business Sale... a Comprehensive Guide

By **Stuart Boyar**

For many entrepreneurs, summer can be a time for vacation and serves as a period of reflection—a time to ponder over the future, to contemplate the next chapter in their entrepreneurial journey. And for some, that chapter involves the prospect of selling their business—a decision fraught with both excitement and trepidation.

The notion of bidding farewell to the intricacies of managing employees, navigating client relationships, and overseeing financial matters can be both liberating and daunting. Yet, the promise of reaping the rewards of years of hard work, dedication, and strategic decision-making can be too tempting to resist.

In the wake of the pandemic and its far-reaching implications, businesses across the globe have found themselves grappling with uncertainty—uncertainty about the future, about growth prospects, about the very viability of their printing operation.

Questions abound:

- Will my business weather the storm and emerge stronger?
- Has it realized its full potential for growth and expansion?
- How does it stack up against competitors in the market?
- What do I need to do to maintain my excellent sales force?
- Am I adequately prepared for the next phase of my life, be it retirement or a new entrepreneurial venture?

These questions, though daunting, are not unique. They resonate with entrepreneurs across industries, across geographies and especially in the world of print. For those contemplating the sale of their business, these questions are just the beginning.

The journey of selling a business is multifaceted, encompassing a myriad of considerations, challenges, and opportunities. From navigating the intricacies of valuation to negotiating terms with potential buyers, the process demands meticulous planning, strategic foresight, and expert guidance.

So, how does one navigate this intricate journey with confidence and clarity? How does one ensure that every step taken is a step closer to realizing the full potential of their business sale? Do you have a concrete idea of your goals and what you are looking for? The answer lies in understanding the process and leveraging expert advice from your attorney, accountant and M&A Advisor.

Here's a comprehensive guide to navigating the sale of your business—from the initial considerations to the final negotiations:

1) Sign a Non-Disclosure Agreement (NDA):

Protecting confidentiality is paramount in any business transaction. Before divulging sensitive information about your business, it's essential to have all parties sign a Non-Disclosure Agreement (NDA), safeguarding proprietary information and trade secrets.

2) Financials & Valuation:

At the heart of any business sale lies the question of value—what is your business worth, and how do you determine its true worth? To answer these questions, a thorough analysis of your financials is essential. Providing prospective buyers with three years of financial data, preferably reviewed by a Certified Public Accountant (CPA), offers insights into your business's performance, growth trajectory, and potential for future profitability. This information forms the basis for valuation—a critical step in setting realistic expectations and attracting qualified buyers.

3) Review & Direction:

With a clear understanding of your business's financial standing and valuation, the next step is to review the findings with your advisor. This is an opportunity to discuss your goals, expectations, and any specific requirements you may have for the sale. Whether it's retaining key employees, preserving the company culture, or ensuring a smooth transition for all stakeholders, communicating your preferences upfront lays the foundation for a successful transaction.

4) Sell Side Agreement:

Once the groundwork has been laid, it's time to formalize the selling process with a Sell Side Agreement. This legally binding agreement empowers your advisor to initiate the sale process, preparing detailed documentation that showcases your business's strengths, highlights its unique value proposition, and attracts potential buyers. From financial statements to operational metrics to historical data, this comprehensive overview serves as a compelling "resume" for your business, enticing qualified buyers and setting the stage for meaningful negotiations.

5) Teaser and LOI:

With the selling process officially underway, your advisor will leverage their network and industry expertise to identify potential buyers who align with your business's objectives and vision. A teaser—a brief overview of your business, omitting specific details—captures the interest of qualified buyers, prompting them to express their interest through a Letter of Intent (LOI). This non-binding document outlines the buyer's proposed terms, including the purchase price, proposed timeline, and any contingencies, signaling their commitment to further exploration and due diligence.

6) Due Diligence:

Once a Letter of Intent is agreed to by all parties and signed, the due diligence process commences—a comprehensive examination of your business's operations, finances, and legal standing. From scrutinizing financial records to evaluating operational procedures to assessing legal liabilities, due diligence provides buyers with a holistic understanding of your business, its assets, and its potential risks. This phase requires transparency, collaboration, and meticulous attention to detail, laying the groundwork for a seamless transition and mitigating any potential obstacles along the way.

7) Asset Purchase Agreement (APA):

With due diligence complete and both parties satisfied with the findings, the negotiation phase enters its final stages, culminating in the drafting and execution of an Asset Purchase Agreement (APA). This legally binding document outlines the terms and conditions of the sale, including the purchase price, payment terms, and any contingencies or warranties. Working closely with legal and financial advisors, you'll review the APA, address any concerns or revisions, and finalize the agreement, paving the way for a successful closing.

8) Closing the Deal:

As the ink dries on the Asset Purchase Agreement, and all parties have signed on the dotted line, the momentous occasion arrives—the closing of the deal. With legal formalities completed, funds transferred, and ownership officially transferred, you can breathe a sigh of relief, knowing that your business has found a new home, and you've embarked on a new chapter in your entrepreneurial journey.

By embracing the journey of selling your business with diligence, determination, and a commitment to excellence, you can maximize its value, realize your financial goals, and embark on a new chapter with confidence and clarity. If you're ready to explore the possibilities of selling your business, we're here to help every step of the way. Contact us at Corporate Development Associates!



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