

Be patient for right deal when selling your business

BY ROBIN XANDER

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Selling a business is a little more complicated than setting out items in a driveway for a garage sale.

It's important to resolve any relationship issues early in the process, said Peter Vestal of the Sequoia Law Group in San Francisco. He has advised many small family-owned businesses.

"Make sure everybody is pulling their oar in the same direction," he said.

It's common when a business is being transferred from one generation to the next to see some disagreements, he said. "If it's passed on to children, they may have different ideas. They must decide together what to do" or the resulting sale won't get the best price. Vestal said an important objective is to anticipate the information needs of potential buyers.

What information would a buyer want?

How can you present the business in a positive way?

Can you make changes to improve the picture?

Can you project future profitability and cash flow?

RESOURCES:

■ The California Association of Business Brokers, at cabb.org, lets you find a broker by location or industry and offers discussions on marketing and sales.

■ The International Business Brokers Association, at ibba.org, offers information on a global scale.

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Another issue is the business' legal position. Vestal said it was crucial to clear away any legal impediments to a sale.

"Does the seller have a legal right to sell? If a woman is doing the selling, is her husband an owner?" As another example, Vestal cited a franchised business. "There may be sales restrictions in the lease so the franchisor can vet the candidate," he said. "What are the rules of your agreement? Are there restrictions in your lease?"

A seller must also decide just which assets are being sold, he said. Does the sale include the

furniture? Craig Miller, who specializes in mergers and acquisitions at Manatt, Phelps & Phillips LLP, said a successful sale often starts with the seller taking a hard look at the company. "Look at it as if you were the buyer," he said. "Think about what you want to know if you were a buyer." That includes knowing if you are the subject of litigation and making available well-kept corporate records.

Then he urged sellers to do their research. "Look at comparable deals. Keep apprised of your competitors so your expectations are reasonable," Miller said.

"Get your advisers on board earlier rather than later so you are in a position to capitalize on a buyer," he said, referring to accountants, attorneys and so forth.

It's also important to keep your options open. "Don't sell just to sell. If the business is solid, the right deal will come around, although it just may take longer than you think," he said.

Even unusual situations follow the same process.

Andrew Hoyem is founder of Arion Press in San Francisco, which publishes deluxe limited edition books and offers fine printing and bookmaking services.

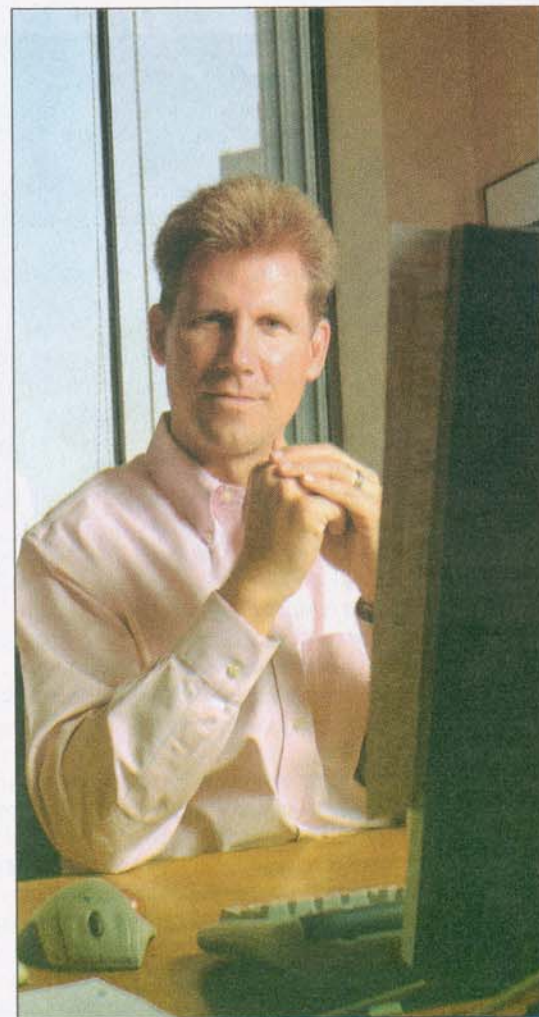
When he was ready to sell his stock in Lyra, the small umbrella corporation that included both Arion Press and M&H Type, he was dealing with what he called "a living museum."

He recalled, "It was complicated and it took a fair amount of time — a good deal more time than we thought." He didn't realize how complicated the process would be because it's a unique operation, and difficult to assign a reasonable value to its parts.

Still, "all turned out well," Hoyem said. The new owner is the nonprofit Grabhorn Institute, and, according to Hoyem, "fund-raising is going well."

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PAOLO VESCIA

"Make sure everybody is pulling their oar in the same direction," says Vestal of a family selling a business.