

TEN TIPS ON SELLING

1. The decision to sell is not irreversible, but it should be firm. In the sale of a family business, it is important that it is not just the majority owner who is involved, but that all the family members who have some ownership, or who work in the business, are brought into the selling process. Hopefully, they are in concert with the decision to sell. For non-family private businesses, all stockholders should be apprised of the situation.
2. Decide up front who is going to be the ultimate manager of the selling process so there is no ambiguity later on. Decide whether it should be the majority owner, the CEO, the intermediary or some other logical person.
3. Set time frames on the selling process in order to have milestones. For example, set time frames for completion of selling memorandum, contact of potential buyers, receipt of Letter of Intent, timeline for closing, etc.
4. Partner with real professionals. Improper advice could cost you tenfold later on. In retaining an attorney, be sure he or she is a “transaction” attorney, not a divorce attorney. Make sure the intermediary properly screens and qualifies potential buyers.
5. Communicate with your banker about what you are doing. Bankers not only hate surprises, but if they are surprised, they may not be as cooperative when you need them most.
6. Target buyers who would consider your company to be the most valuable.
7. Openly recognize certain “on and off” balance sheet items such as customer pre-payments, work-in process billing, contract obligations, lease obligations, legal threats, etc.
8. Negotiate “stay agreements” with the owners or managers so they will not jump ship before the business is sold. Depending on the situation and the importance and number of people involved, a stay agreement could be equivalent to anywhere from two to six months’ salary.
9. Set up a complete file in one place of all relevant information the buyer and/or his due diligence team will ultimately request, e.g., contracts, distribution and purchase agreements, leases, licenses, intellectual property documents, etc.



10. If a buyer indicates he or she will be submitting an offer or Letter of Intent, tell them right up-front what items you want to be included in the document:

- Price and Terms
- If asset purchase, what assets and liabilities are to be assumed
- What contracts and warranties are to be assumed
- Lease or purchase of real estate
- Responsible for what employee contracts or severance agreements
- Time schedule of due diligence and closing

Alamo Corporate Group and its advisors have specialized in ownership transfers of closely held companies since the late 1980's. We offer a range of intermediary services including mergers, acquisitions, divestitures, buyer identification, management buyouts, debt restructuring and in very limited instances, acquisition searches for high net worth individuals and private equity groups.

Alamo's primary purpose is to provide an extremely confidential national service that brings buyers and sellers together through our extensive contacts in the financial and intermediary communities.

Our process is very structured, as experience has shown us that while each buyer and seller is somewhat unique, there are enough similarities that specific steps must be followed in order for transactions to close. Confidentiality is guarded throughout each step of the process.

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