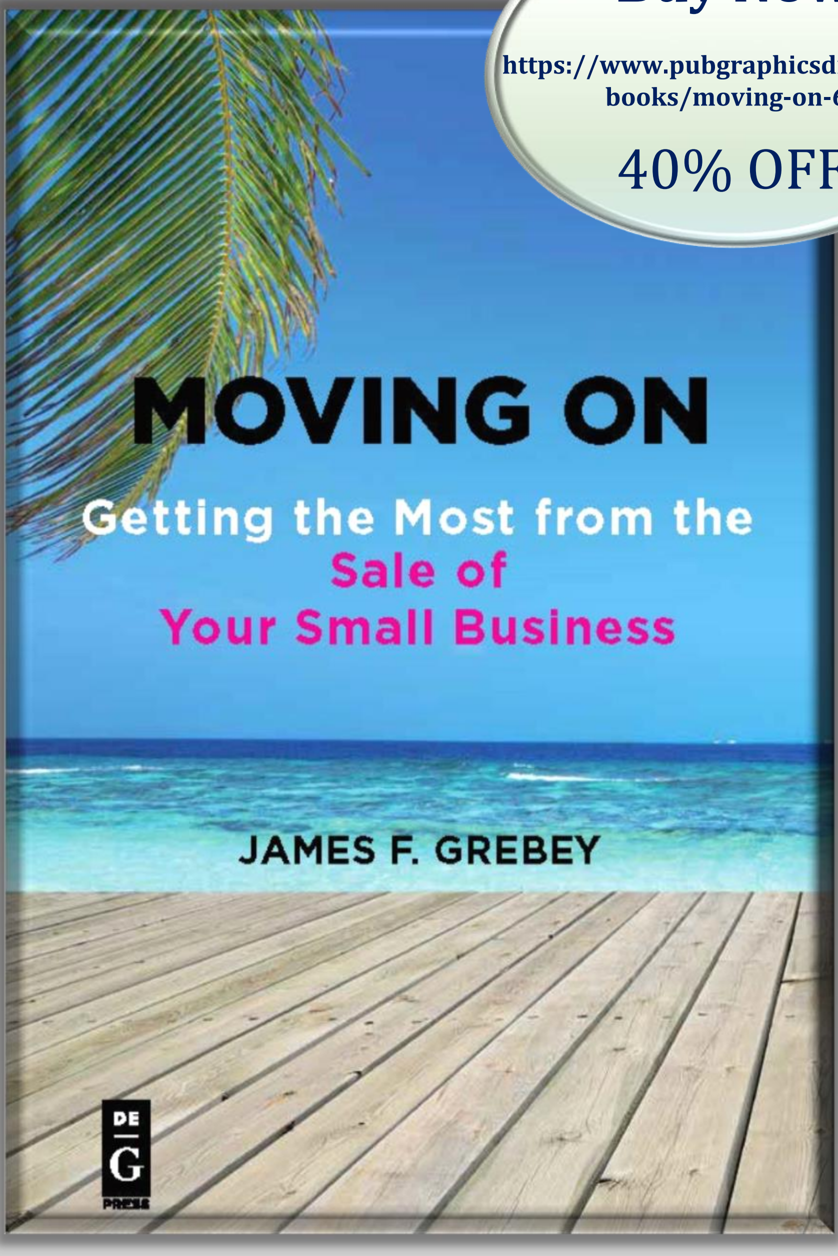

SAMPLE CHAPTER

CHAPTER 6
MARKETING YOUR BUSINESS

About the Author

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Chapter 6
Marketing Your Business

If you are going to sell your business, you will need to find qualified buyers, which means you will need to find a way to effectively market your business. You need to find qualified buyers and then convince them to purchase your business instead of any others they may be considering. You need to understand where to market and how to market your business, and you need to understand the distinction between marketing the products and services of your business and marketing the business itself.

Where Are Buyers for Your Business Going to Be Found?

To begin marketing your business, you will need to identify the market where those buyers will be found. Most small business owners have trouble doing this. It amazes me how many business owners are not able to properly define a market for their business. They tend to confuse the market their product sells into with the market their business will sell into—which are usually far different from one another.

If you operate a business that develops software applications for the restaurant industry, you are not in the restaurant business.

> "We develop software for restaurants, so we are in the restaurant market."

No! Your customers are in the restaurant business. You are in the software application development business. Your business is more likely to be sold to a software developer, not to a restaurant. Small business owners are usually comfortable and familiar with the target market for their products and mistakenly identify their business that way.

> "I started out in the restaurant business and recognized the need for the software."

Yes, and that is when you stopped cooking and started writing code—and moved into the development market. Some owners will recognize the problem and try to answer it by saying,

> "We are a restaurant supplier."

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Well that's closer to the truth but not quite the right answer. Small business owners often resist being identified outside a market they are comfortable being in and have identified with for years. Identifying with resellers in the supply chain doesn't help them (although the resellers may eventually become a source of leads).

> "What specials are you running on wholesale vegetables this week?"
>
> "Can I get a new frying pan from you?"

You are indeed in the restaurant supply chain, but you are not a restaurant supplier. You may sell through restaurant suppliers, but you don't have your own catalog of restaurant supplies. Someone who does have a catalog of restaurant supplies is not going to buy your business either. The prime target for selling your business is most likely to be an investor or application developer looking for a new software product or trying to expand in the restaurant software market. It will not be a restaurant or a restaurant supplier.

Small business owners often resist being identified outside a market they are comfortable being in and have identified with for years.

If you're still having trouble making this distinction between the market your products sell into and the market where a buyer for your business will be found, try thinking about the geographic area where your products are sold vs. the geographic area a strategic buyer for your business might be found. For example, in the case of an application developer for the restaurant business, restaurant patrons come from a regional territory (the communities that surround the restaurant), but an application developer that sells to restaurants would sell to restaurants across the country, so the business is in a national or even global market.

> "Our restaurant clients draw their patrons from the surrounding communities, but we sell to restaurants all over the country."

A restaurants market is limited to the communities that surround them. The market for a development business is national. The distinction is an important one because you don't want to constrain the search for buyers for your business to the smaller market. If you run a wholesale business and sell products regionally, then your immediate market extends throughout that region. If you sell to customers throughout the state, across the country, or globally, then your market extends to those areas. The market you need to look for buyers in is defined by the territory your business sells products into. This may also be argued to be your minimum market. It is possible for buyers to come from beyond this market, trying to buy into it. When you are establishing your marketing budget, you may want to consider reaching further than this immediate market.

The market you need to look for buyers of your business in is defined by the territory you sell products into.

How Will You Market Your Business?

Now that you spent some time thinking about who you will sell your business to, you need to consider how you are going to reach out to that market. For most businesses it is better if your marketing is done quietly. This is different than most product marketing efforts where you want to make as big of a splash in the market as possible. I assume you have had plenty of experience with product marketing. That is why you were successful. But how much experience do you have marketing a business?

Getting Professional Help

You may have a contact list with the private numbers for most of the other owners in the industry, and you may know some of them personally. You may even golf with them or meet them at the club or other social events regularly but keep this in mind. You are the face of your business. If you talk to them about buying your business, you stand a great chance of devaluing your deal. Even if you are great friends with someone who was your college roommate, you may not be the right person to negotiate your best deal. You may get a deal and save paying someone a commission on the deal, but it may cost you a lot in the end. Maybe you're looking for more than one strategic buyer or an investor (or group of investors) who have the resources to back your strategic vision. Knowing when and how to reveal that you are selling your business or when and how to reveal your strategic plans means first finding the right buyers and then managing the disclosure process. You need an intermediary.

If you are serious about selling your business, you need to seriously consider seeking professional help. These experienced professionals will conduct a stealthy marketing campaign and will act as an intermediary in your negotiations. These are people who know when and how to reveal information about your business to potential buyers. There are different types of professionals who can assist you, depending on the size and type of deal you are seeking. We will talk about professionals more in chapter 16. As with most things in business you will need to decide whether the trade-off between their fees and the services they provide is worth it. But keep in mind, marketing your business is one of the primary services they provide; this is why you want this type of help.

If you are serious about selling your business, you need to seek professional help. These experienced professionals will conduct a stealthy marketing campaign and will act as an intermediary in your negotiations.

Selecting a Sales Agent/Intermediary

The types of sales agents and professionals and the role they will play are described in chapter 16. While you are interviewing these professionals it's a good time to find out what type of working relationship you will have with them as your sales agent. Are they listening to you and making valid observations and suggestions, or are they telling you what to do? Make sure they are prepared to give their best resources and attention for a deal of your size. They may play a critical role, but they work for you and are there to support you.

Don't hesitate to negotiate with them. Do you need them to do everything they are offering, or are there some things you can accomplish on your own? Some agencies will not take on smaller deals or, worse, will hand them over to junior representatives and let them get trained by learning lessons at your expense. Remember, the sales process is yours. One of the questions you should ask is,

> "Who will be working on my sale?"

Business intermediaries work on commission and larger sales will get more attention. Is that top sales broker or banker you first met going to be the one working on your project, or will you be pushed off to a new agent or entry level rep with little to no experience?

After selecting a broker or banker—your agent—to act as an intermediary/agent to represent you, they will ask you to sign an agreement listing your business for sale with them. One of the first discussions you need to have with your agent will be whether to list your business publicly (e.g., by putting a sign out front and posting the sale in online bulletin boards) or quietly (e.g., by conducting a stealth marketing campaign your customers won't be aware of). Listen to their recommendations and be sure you agree with their advice before signing an agreement. The listing will be for a specified period and should be performance based (that is, the agent will get paid when you sell your business). Occasionally a small nonrefundable upfront fee will be charged to cover material expenses. These fees also help to keep their clients from “agent hopping.”

These agreements are generally written to protect the agent, so read your agreement carefully and be sure you understand all its terms. For instance, in a typical agreement, if they fail to sell the business, any contacts they bring to you during the listing period will remain their contact only. If you should drop them at the end of the listing period, they will be due a commission *if* a buyer they introduced to you decides to return later—even if the agent failed to negotiate an acceptable deal. They won’t agree to drop this term (or others), so be sure you understand all the terms and use care not to violate them. You don’t want to end up in a position where you could owe two commissions! You want to establish a strong working relationship with your agent. If the relationship becomes antagonistic (which is unusual), you have the wrong person working for you.

One term you should insist on is the retention of ownership of all materials related to your business. The cost for printing marketing materials can be high. Make sure your listing agreement defines who pays the cost for producing the marketing materials. Also, be sure it’s clear who owns this material in case you decide at some point to find another agent. You don’t want to have any constraints on the use of these materials in the future. The cost for printing marketing materials can be high. Make sure your listing agreement defines who owns the rights to this material in case you decide at some point to find another agent.

Having Your Say

Whether you take it upon yourself to market your business or you decide to hire a professional, at some point in time prospective buyers will want to hear directly from you. They will want to hear what you have to say and be able to ask you questions about your business. And, as you are having these conversations with potential buyers, you will need to be able to effectively answer their questions. Part of the positioning activities you will be going through will help prepare you with the information to provide those answers. You are the face of your business, and the impression you give buyers will have an impact on their impression of your business.

At this point you will need to have your marketing hat on. You will need to know what information to present to a prospective buyer and how to present it. Many small business owners are not good presenters. It’s just not what they do. If this describes you, then you will need to overcome the problem. The way to do that is to prepare what you will say, and practice, practice, practice. Even if you are a comfortable speaker, then I offer the same advice. Prepare a brief ten-minute presentation and a thirty-minute presentation to be given to a small group of people. The exception to this is when you are fund raising. That presentation may be done in front of a much larger group. Have someone who will be honest with you listen to your presentation and make recommendations to improve it. I use my wife. She is generally willing to point out where I need improvement!

Marketing Materials

Marketing material must be created to support your marketing campaign, and this material will target two distinct audiences. One will be a one-page handout that provides an overview of your business that can be given to potential buyers who express a general interest, and the other is your “Book,” which provides a greater level of detail in the form of a business plan for prospective buyers who express a specific interest in purchasing your business. The level of detail in these documents is carefully crafted to provide sufficient information to draw buyers’ interest while limiting the level of detail you are providing to the public (including your customers, employees, and competitors). The requirements for creating these documents are covered in detail in chapter 13 and examples are provided in Appendix A and Appendix B. The material for these documents are the product of the positioning activities in the chapters that follow.

Market Relevance

All statistics are good statistics; at least that seems to be what many small business owners believe. They make the common mistake of using statistics that aren’t relevant to their business in their oral presentations to prospective buyers and in their printed marketing materials.

> “There will be 2,500 new bakeries opened in the state this year.”

Well, can you tell me how many are opening in this town next year? The buyer’s response, even if not stated directly, will be “who cares.” You must be prepared to describe market statistics that are useful to potential buyers, and you need to be sure the description is relevant to your business. Don’t spout out statistics that don’t relate directly to your business.

> “The demand for our baked goods continues to grow because the global demand for baked goods has gone up by 20 percent.”

This kind of statement is just not relevant. Who cares what the global demand is, when the market for your business is only relevant in your town? By making the statistics you use more relevant, you provide a stronger argument that a buyer can hold onto (and use later).

> "The demand for baked goods in our retail bakery has continued to grow because there are 2,000 new families moving to our town each month."

This is a useful statistic because it is directly relevant and provides useful information a potential buyer can take to their bank if need be. Owners like to spout facts because it is a way of telling a buyer "I know my stuff" instead of providing information that supports the buyer's decision. If you want to show a buyer you "know your stuff," use relevant "stuff." Keep in mind that the potential buyer will very likely reuse your business plan and metrics when speaking with their partners and backers.

Be prepared to clearly state why your business model works in this market and then demonstrate that you understand the relevance of the market statistic. These statements can also be used as a "door opener," because they allow you to add growth opportunity statements such as:

> "And this business could be expanded to the next town or other regions."

Although you may have never acted on these growth ideas, you can now use them as an opportunity to plant the seeds of a potential idea the buyer may not have considered yet.

If your business has a national footprint, go ahead and use national demographics, but if you are a local business, make relevant, local demographics work for you. If you operate an automobile dealership, you no doubt know the technical specifications of the cars you sell, and you know how to market the cars by finding creative ways to advertise them as sexy, efficient, or affordable transportation. If you're trying to sell your dealership, you need to know the demographics of your customers, how many other dealerships there are in the area, and which local banks will finance your sales.

> "We're in a rural area so we sell a lot of pickup trucks through the local Farmers Exchange Bank."

You're looking for a different buyer for the dealership than you are for your cars. Explaining the demographics to a potential buyer provides rationale for the value of your business and tells them why your business emphasizes the sale of pickup trucks with customers who then return to buy their next vehicle.

> "Because of our access to multiple fiber optic carriers, our data center provides virtual servers and hosting for customers throughout the state."

> "We provide electric scooters on a temporary basis for visitors to the local attractions, which allows us to charge more for short-term rentals than we would for long-term rentals."

Your marketing strategy and business model need to go "hand in hand." This connection may not be obvious to potential buyers, and you may need to be prepared to point it out. (More on business models in chapter 11.) The statistics you use should be relevant to your business model and support your rationale for using that model. Your use of statistics should explain why your business model works and, more importantly, why it gives your business a discriminator over your competition. The following isn't a relevant statement.

> "Buying our pizza shop is a good investment because there is going to be a 10 percent growth in pizza shops nationally."

The following statement has much more relevance because it cites a metric that has direct relevance for a buyer. The metric is easily verifiable and tells a potential buyer where the opportunity will be for the business in the future.

> "Buying our pizza shop is a good investment because, based on open building permits, the local economic development council (EDC) projects a 10 percent increase in new families in the neighborhoods immediately surrounding our location."

The statistics you use should be relevant to your business model and support your rationale for using that model.

The internet provides a wealth of interesting information, including market reports from the world's top researchers, but a buyer won't care unless the information relates directly to your business. If your business sells to a national market, then an industry report—particularly one that names your business or products and discusses the growth in the industry—would be highly relevant.

Citing third-party references is important. "I think" is not a relevant or useful statement unless you are an acknowledged expert. A buyer knows you are in the "sell mode" and will automatically discount your opinion. Prepare by searching for relevant, third-party references that describe your market and competition.

> "According to Investor's Business Daily there is a strong national movement by larger corporations to gain market share by buying early stage cloud software development businesses."

Know Your Competition

Knowing who your competitors are and being prepared to explain the competitive discriminators between your business and the competitors in your market helps to build buyer confidence and tells a potential buyer not only how strong the market for your products and services will be but why customers will buy from you before the competition.

Your list of competitors doesn't need to be extensive. Pick your closest three or four competitors and be prepared to explain why customers prefer your business over others. Think about the message you are giving a potential buyer. Occasionally I hear a business owner say,

> "We are the only business in this market and have no competition."

Instead of being a discriminator to buy the business this can be a "bell ringing" statement that scares the buyer away. The logical question becomes,

> "Well why are you the only bakery in town?"

We are the only business in town is not a good answer. It draws questions and leads a potential buyer to wonder if the town is too small to support two similar businesses—or even one. Hmmm. . .. Maybe that's why you're selling. Ding, ding, ding! I can hear the warning bell ringing as your deal dies. You better have some information ready!

> "The town grew by 15 percent last year and we are the only bakery in town, which means we are well positioned to capture the market."

If you claim to be the only business offering a product or service, be prepared to defend that position. Of course, there are occasions when you *are* the only business in the market. Most buyers would prefer to hear there are competitors, but maybe you have gained some defendable market advantage over the competition.

> "We have a breakthrough innovative product and have captured the intellectual property for it."

> "There were two bakeries in town, but two years ago we bought out the other one and opened our second store."

Be sure to remain professional whenever you describe your competition. Be sure to take the high road when describing your competition.

> "Oh, those guys treat their customers like #$@#, and everyone knows it."

Negative, personal comments may lead a buyer to see you as #$@#. In some industries word gets around quickly, so your reputation may suffer. No matter what your history is with a competitor, the buyer doesn't share that experience and there is no reason to bring it into your deal.

> "We have been working to grow our reputation for customer support by building greater rapport with our customers."

Point out the positives of your products and let comments about the competition be implied but unspoken. It's called "ghosting." You ghost your competition by pointing out their weaknesses without specifically mentioning them by name, prompting the buyer to recognize their competitive weaknesses (and ask them the tough questions).

> "Our product has won the national XYZ award for innovation."

Provide the questions you want the buyer to ask by letting someone else speak for the competition. Of course, you hope to be speaking with strategic buyers, so your potential buyer may be one of those competitors. Be careful not to become defensive if they don't see the market quite the same way and always be truthful.

If you think there is a real advantage to directly using your competitors name, one of the simplest ways to convey your strength in the market is with the generation of a bulleted functionality matrix (Figure 6.1). By using a functionality matrix like this, you can remain professional while directly comparing the features of your business or product with those of the competition. Be sure to use care with this approach, because it carries a level of risk. You must do your homework and ensure that the competitive statements you make are absolutely correct. Don't go by industry rumors or statements made by disgruntled past employees. A competitive matrix not only tells a buyer what the strengths of your business are; it gives them a ghosted message about the weaknesses of your competition. A good approach is to use functionality the competition states publicly on their website.

	Competitor 1	Competitor 2	Competitor 3	Your Business
Feature1	X			X
Feature 2	X	X		X
Feature 3	X		X	X
Feature 4		X	X	X
Feature 5		X	X	X

Figure 6.1: Competitive Matrix

Markets Are Dynamic

Markets are dynamic and change constantly. A market that is strong today can be gone tomorrow. Business buyers are leery of market change. The transferrable value of a business and the eventual valuation it receives are usually tied to the growth of the market its products sell into. This is particularly true of technical markets, such as manufacturing businesses and software development businesses, where today's hot product can become tomorrows "has been" overnight. This can make technical market leaders quickly turn into loss leaders—they are successful in kicking down a new door only to have competitors rush through that door with new features and product discriminators while the market leader is still trying to get their original bugs out. Market vision is often twenty/twenty for a competitor who can use your product as a model to grow their business.

Also, pointing out your market vision to a potential buyer will give you the opportunity to ghost the fact that your competition is still trying to catch up with you while you have already moved on to your next generation product. To do this you will need to predict what the future path is for your product, say where you see the market is going, and state your plan to stay one step ahead of the competition—particularly when your revenue growth curve is predicting a "hockey stick" in sales growth that you are using to justify a higher valuation. You need to have a plan for generating the increased sales leads that will be needed. Without a solid marketing plan, your predictions may not have much credibility. You don't need a crystal ball to make these predictions. You need a well-thought-out strategic path that continues to drive the market. Your goal is to add transferrable value to your business by establishing a track record as a market leader which is a sure way to justify an increased valuation.

Your goal is to add transferrable value to your business by establishing a track record as a market leader which is a sure way to justify an increased valuation.

To repeat an earlier caution: there is real danger when the potential buyer you are speaking with is a strategic buyer, particularly when they are one of your direct competitors. You need to balance the scales between exposing your plans to someone who is not really interested in buying your business but is using your sale as a competitive fact-finding trip to gather information about your business. They are hoping you will divulge the strong value drivers for your business so they can use them or the fact that you are for sale against you.

Your Business Is for Sale. Shhhh, Be Quiet, Shut up!

There are businesses that can be marketed by simply putting a "For Sale" sign by the curb or by posting an advertisement in an online bulletin board and then, after the sale, putting up a sign saying, "under new management" (which might be an asset in some cases). There are also businesses where that type of advertising would be ineffective and put the new owner out of business, because their customers would leave as soon as they heard about the sale. In most businesses, customers, particularly B2B customers, value business continuity. "Under new management" devalues the business.

If your business has gained a good reputation, if you are a critical supplier for other businesses, if your suppliers have given you deals based on years of established credit, they will see a new owner as a risk to their business. This may be a risk they are not willing to accept. There are a lot of reasons to make marketing your business a stealth activity. Imagine what your competition will say to your customers if your business includes recurring customer sales or long-term maintenance support. Customers may not be willing to pay the price for your products if they think you may not be there to support them in the future. You can bet your competition won't hesitate to turn this information into a discriminator for buying their products.

> "They have a great product, but their business is for sale. We're even talking about buying them, but no one really knows what they're doing. You can count on us to be here in the future when you need help."

A potential buyer will also understand the impact the sale of your business will have with those customers. The buyer will want to manage how that information is released and most likely want to make their own announcement at a time they find appropriate. If you jump the gun and make the sale public knowledge, then you have taken some advantage away from your buyer, which is another potential deal killer and a negotiating item they could claim devalued the business. Expect the timing and type of announcement of the sale to become a term of your deal, and don't risk the deal by making a premature announcement.

Expect the timing and type of announcement of the sale to become a term of your deal, and don't risk the deal by making a premature announcement.

Remember that people connect you with your business. You cannot have a beer at the club and have a discussion about the sale of your business because "keep this between us" never remains "keep this between us." Your best approach in discussing the sale of your business is shut up!

And then there is that pesky cousin Jake that works for you and who finally understands he can't afford to buy the business from you. He met one of your competitors at a trade show and thinks if he tells them he heard at a family barbeque that your business might be for sale he will be getting himself in good with a potential new boss. "I can set up a meeting for you with Jim." Nondisclosure agreement—what NDA?

Down Select

The goal of marketing is to identify qualified buyers. At some point you will have a list of qualified buyers to choose from. Even though this is where your active marketing campaign will end you will still need to have your marketing hat on for a bit. At this point you will begin to meet with each of these buyers, and while they are asking you about your business, you will be getting to know them. If you have had a professional working with you to market your business, they will be doing the research to determine who the buyers are and to ensure that they are qualified and have the resources to close a deal with you.

Following this you will ideally have a short list of qualified buyers to choose from. At least, this is the goal. In most cases you won't end up with a line of potential buyers going around the corner, but you hopefully have met your original goal of finding at least two qualified strategic buyers. If you end up with a mix of financial buyers as well as strategic buyers, that is okay because it will add some price pressure to the offers. The reality is that getting to the short list of the two buyers you started out to find is a significant accomplishment. If you get more than two you are ahead of the game. If you only have one buyer, you may be under a lot of pressure to go ahead and make the deal; hold out as long as you can and continue looking for that second buyer. Board members, creditors, the intermediary who is working for you, and even your wife who is eager to make the move to the beach may all want you to go ahead with the deal.

If you only have one buyer, you may be under a lot of pressure to go ahead and make the deal; hold out as long as you can and continue looking for that second buyer.

Your conversation with each potential buyer should quickly reveal which buyers have a true interest in your business; it will likely end with them making an offer, either verbally or in writing. Buyers will try to avoid being in an auction situation and will make their offer valid for a short period. Assuming you are speaking with multiple potential buyers, you will need to be open with all of them that you are "entertaining other offers." If you have not gotten interest from multiple buyers then you will need to decide when to stop marketing your business and resolve whether or not to move ahead and make a deal with the one you have in hand. It can be difficult to discontinue looking for additional buyers for offers when the beach is calling to you, so these can be tough decisions, particularly if the offers you get are significantly below the price you are seeking. It is okay to let potential buyers know you are speaking with other potential buyers but, since you should be under a nondisclosure agreement with each, you cannot and should not let them know who else you are speaking with or details from those discussions.

This down select process may be iterative, but at some point, with advice from your intermediary, you are going to have to decide when to end the marketing process and proceed with the qualified buyers you received offers from. It is time to down select to just one. Next you will ask them for their best and final offer (called a BAFO). After you receive their best offer, you can (and will) try to negotiate to try to improve that offer.

> "Yes, we received your final offer, but we would like you to consider adding an earn-out to get the offer where we can accept it."

This is one of those times where having a professional intermediary will be of great help. Listen to them and take their advice. This activity will end once you and a potential buyer have closed on the terms of your deal. These terms will be captured in a letter of intent (LOI). The LOI is a nonbinding agreement that now defines them as your sole buyer. Following this point, they will be ready to perform a detailed assessment of your business to verify that your claims about the business are valid.

Now you are ready to enter negotiations with the potential buyer. Your negotiations will include the price and any terms specified by either you or the buyer. The price and agreement about the form of payment (cash, stock, earn-out, etc.) and a schedule of any funds being held in escrow after closing, along with the conditions for the release of escrow, should be stated as terms. If you are going to remain with the business in any capacity, your compensation and employment agreement should also be included and stipulated as a term. Whether the potential buyer is a stranger, a close friend, or your cousin Jake, there should be no understanding of terms or side agreements that are not documented.

The buyer should capture all the negotiated terms and conditions from both parties and include them in their draft letter of intent. Review it carefully. It's not done until you agree it's done. If you find you have remaining questions or concerns, now is the time to raise them.

> "I was thinking about this before closing but hesitated to raise it and make it an issue since I knew I would have to work with these guys later."

Really! Now is the time. It won't get better once you're no longer running the business or working for them.

The Single Buyer Slump

If you have been hanging on, hoping for a buyer, but only one has come forward with an offer, you have a decision to make. You will need to decide to accept the offer, wait for another buyer to come along, or go back to chapter 1 and start over.

Preferably you will keep pushing to find that second buyer, but you will need to decide how long to wait. Some businesses are difficult and take time to sell no matter how much preparation work you do to get them ready. Make sure your sales agent is aware of your goal to find at least two qualified buyers well before you get to this point. They may want to push ahead with the sale immediately, once they have a buyer in hand, at a time when you want them to increase their marketing activities.

The location, the industry, the economy—are all external factors that can influence the sale. There is never a guarantee of success. Try to get as much feedback as possible and then step back and try to honestly understand why buyers haven't seen the transferrable value you believed was there. If it's a difficult market, you may need to allow more time.

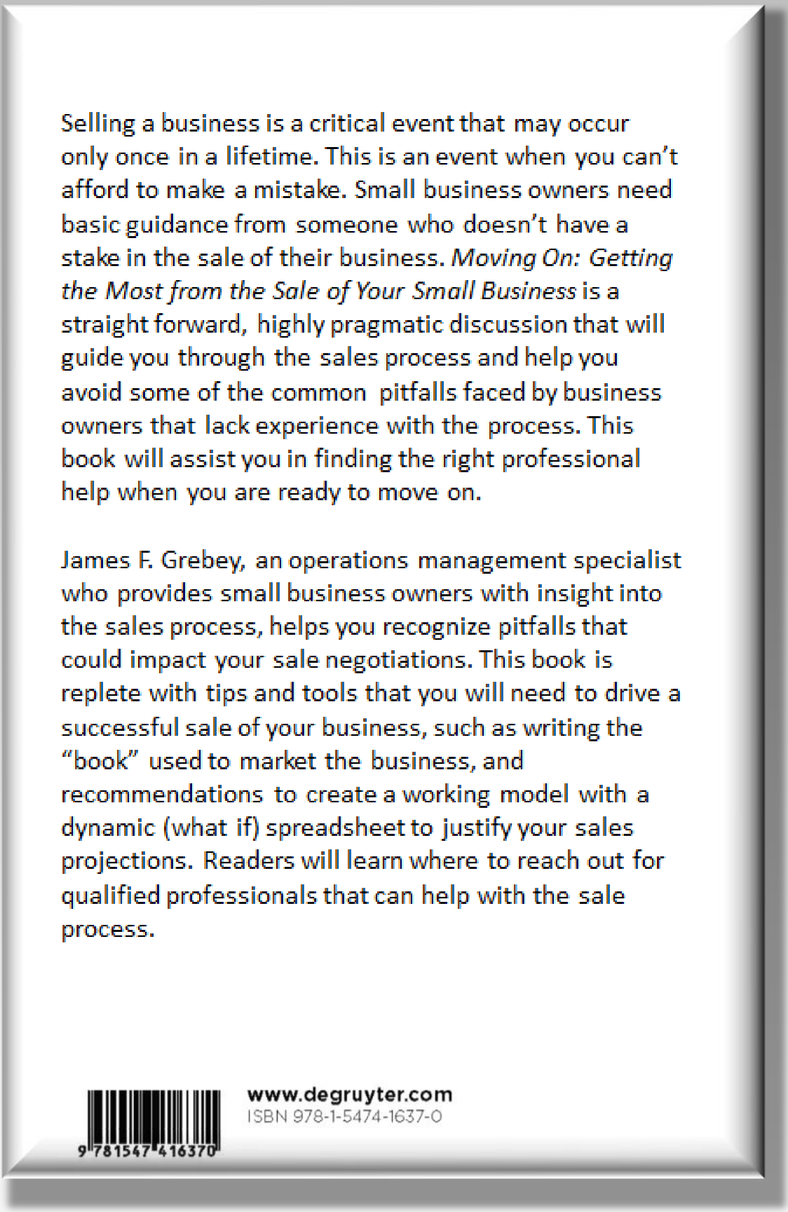
Some businesses are difficult and take time to sell no matter how much preparation work you do to get them ready.

Jim's Bakery Example

Jim's Bakery has two divisions: the retail division—which was Jim's original store and sells to local customers in his town—and the commercial division—which sells to businesses on a regional basis. Jim's original thought was that he would have to sell the two divisions separately, looking locally for a retail buyer and regionally for a commercial buyer, but the operations of the two divisions were very interdependent and separating them would be difficult.

Jim met with several investment bankers and selected one that recommended that splitting the financial administration of the divisions would add a significant additional overhead that would have a negative effect on both divisions. He showed him that the value of the whole would be greater than the value of the parts—a fact Jim had not considered until they ran the financial adjustments for both scenarios. This understanding resulted in an increased valuation that more than covered the banker's fees. With that information in hand, the investment banker started meeting with potential commercial banker clients and eventually found buyers interested in both divisions. One was a strategic buyer interested in growing the business by opening additional retail shops throughout the region; one was a local baker who wanted to merge Jim's Bakery into their own operation (the banker advised Jim that this buyer was not qualified because they didn't have the resources needed to close the deal); and a financial investor who knew the reputation of Jim's Bakery and wanted to join what they believed was a sound investment.

Even though Jim has hired a professional—an investment banker—to help him market his business, he has now met with each of the potential buyers and answered their questions about his business and the potential strategic path opportunities he sees for it. He has down selected to a single buyer, whom he negotiated with to get better terms, and has now signed an LOI with that buyer.



Selling a business is a critical event that may occur only once in a lifetime. This is an event when you can't afford to make a mistake. Small business owners need basic guidance from someone who doesn't have a stake in the sale of their business. *Moving On: Getting the Most from the Sale of Your Small Business* is a straight forward, highly pragmatic discussion that will guide you through the sales process and help you avoid some of the common pitfalls faced by business owners that lack experience with the process. This book will assist you in finding the right professional help when you are ready to move on.

James F. Grebey, an operations management specialist who provides small business owners with insight into the sales process, helps you recognize pitfalls that could impact your sale negotiations. This book is replete with tips and tools that you will need to drive a successful sale of your business, such as writing the "book" used to market the business, and recommendations to create a working model with a dynamic (what if) spreadsheet to justify your sales projections. Readers will learn where to reach out for qualified professionals that can help with the sale process.

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