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Prepare properly to sell business

As the U.S. economy struggles to shake off the effects of the lingering recession, many business owners in San Antonio are considering selling their businesses.

In a perfect world, business owners sell their companies when banks are eager to lend, the economy is strong, their industry is booming and the business is enjoying record profitability. A perfect convergence of these variables would help business owners maximize the value of



Omar Garcia is the chief executive of VR Business Sales.

GUEST VOICES

their businesses — allowing them to sell it at the highest price and on the best terms.

But most business owners do not sell when market conditions are perfect. Instead, they make the decision for more personal reasons, such as to retire

or to free up cash to pursue other investment opportunities.

Before making the decision to sell, the following questions need to be answered. First, how motivated are you to sell? Selling a business can take a year or more from the initial valuation to finding a buyer to finalizing the deal. Second, have you adequately prepared the business to be sold? Most experts agree that owners should plan for the sale of their business at least

three years in advance as a business with solid books and records will realize a higher price and sell faster.

Economic cycles are also important when planning to sell a business, as the market for privately owned companies can be as cyclical as that for publicly traded companies. Economic recessions, for example, generally mean there are fewer buyers. However, San Antonio has the unique

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benefit of a strong influx of potential buyers from Mexico who wish to buy a business in the area as part of their plan to migrate to the United States while staying close their home country.

Another factor to be aware of is the business' growth cycle. Plan to sell when sales and earnings growth are about to reach a peak, as businesses are typically valued on a multiple of earnings.

Selling a business can be a time-consuming

and complex process; however, the selling price can be maximized by planning the event well in advance and by engaging qualified advisers. While a deal can often be put together quickly, maximizing value means selling the business at the highest price and with the best terms and that may take time.

Omar Garcia is chief executive of VR Business Sales, which specializes in the sale of privately held companies and offers a multiservice approach to matching buyers' interests, goals and desires with the right businesses. For more information, visit www.vrbb.com.

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