

How to absolutely fail at selling your business

There are many articles published to help guide entrepreneurs through the difficult process of successfully selling a business. If that is your goal, this article is not for you. This article is written for the business owner who wants to fail miserably at the sale process.

If you are an entrepreneur who has built a thriving company and who would like to completely sabotage any chance you have at a successful exit strategy for yourself and your investors, read on. The step-by-step process outlined below is just for you.



GUEST OPINION

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By following each of the steps set forth you can all but guarantee that your business sale will fall through, your investors will be completely disappointed in your efforts and abilities, and you will alienate any potential buyers you have been able to attract.

Don't plan ahead

Planning ahead is only for people who want transactions to run smoothly. You would rather have difficult hurdles to overcome and embarrassing yet preventable delays.

Do not take into account any personal wealth-management and tax-planning matters ahead of time. Advance structuring can provide significant tax savings for you or your investors. Your failure to consider this may well result in delays or structural issues for your transaction, which, of course, are helpful to the person trying to fail.

You should be careful to ensure that

your company's contracts and other documents are not in proper order, that there are missing pages and that your company's files are otherwise unkempt. A difficult due-diligence process could lead potential buyers to believe that your company is poorly run, which is helpful in disrupting the transaction process.

Set a price early

Be sure to set a price, and stick to it. This is best done before talking to any advisers or seeking out comparable transactions. For best results in absolute failure, it is ideal if you set yourself at a clear disadvantage by immediately telling any potential buyer what your price is. This is the most effective way to sell yourself and your company short. Once you've set a price, you've set a ceiling on the sale proceeds. You can only go down from there.

Focus on only one buyer

Once you have decided to sell you should identify likely acquirers and focus on only one. Don't consider alternatives like strategic or financial buyers. Inviting more than one buyer to have initial conversations with you is likely to result in an auction or bidding process, which, in turn, is likely to result in a higher price for your company.

Hide the ball

If you have legal, environmental or information processing problems in your company, be sure to hide those at all costs. Do not be honest with buyers as they work through their due-diligence process. If they later find the problem on their own, your credibility will be significantly damaged. This will help you in completely ruining the negotiation process. Nothing harms a good negotiation like the inability to trust the other party.

Mishandle communications

If your company is like most, you are heavily reliant on your employees and customers for the success of your business. A botched communication process is critical in the long-term success of your failure. Leaks, lies and misinformation disrupt a workplace and cause customer uncertainty — both of which can result in a damaged and less profitable business.

Do it on your own

Financial advisers, investment bankers, accountants and deal lawyers all sell businesses regularly. If you want to fail, you don't want their advice. Selling a business is a complicated process with many obstacles. The experience of experts will only make the process run more smoothly.

The benefits of failing to sell your business are many. First, you wind up without the liquidity you were probably seeking. Second, having begun the process of selling your business, you are likely to have distracted your employees from the running of the business. When managed poorly, this distraction can result in a company that is less profitable than it was before you started. Finally, if you follow all of the steps to failure set out above, you may also destroy multiple business and personal relationships and your reputation — all at the same time.

Good luck.

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