



Daniel O'Brien
dobrien@orrpc.com

O'Brien, Riley & Ryan, P.C.
30 Braintree Hill Office Park, Suite 102
Braintree, MA 02184
www.orrpc.com
(781) 410-2300



5 Ways to Address Deal Killers Before They Kill Your Deal

When you set your business up for future success, you can set yourself, your family, and your personal interests up for similar success. But a common problem owners overlook is how to address Deal Killers, which can prevent you and your company from achieving the success you want. Today, we'll examine eight common Deal Killers and show you a five-step process that can help you address them.

Step 1: Address the Big Three Financial Deal Killers

The first three Deal Killers you may encounter concern your financial needs.

1. Assuming that you can sell your business today and achieve financial independence.
2. Assuming the market values your company as highly as you do.
3. Focusing solely on getting the most money possible for your business.

Some business owners mistakenly believe that they can live on less money after they sell, which is rarely the case. And because your business is likely a part of your identity, you may end up overvaluing it, which can create impossible expectations and stunt proper planning. Finally, focusing only on getting the absolute most money for your business can clash with values-based goals, which can cause unbearable frustration.

Fortunately, you can address these financial Deal Killers through pre-sale planning. This includes some of the following action items:

1. Objectively determining how much money you need to achieve financial independence.
2. Getting an objective estimate of your company's value from an investment banker or business broker.
3. Assembling a deal team *before* you're ready to sell, which can prevent you from taking your company to market before you and your company are ready.

With pre-sale planning, you can strengthen your company and bolster its value, which is good whether you decide to sell or not.

Step 2: Keep Key Employees On Board and Engaged

Your key employees (i.e., management teams) are likely the backbone of your company's future success. Without a strong management team, buyers may question whether your company has value outside of your presence. If it doesn't, and you're unwilling to work for someone else as a condition of sale, it may become exceedingly difficult to plan for a successful future on your terms.

Fortunately, you can keep key employees on board and engaged by "handcuffing" them using quality incentive plans with the help of professional planners. Non-qualified deferred compensation plans, stay-bonus plans, and stock bonus plans are just a few examples of how to keep key employees on board and engaged.

Step 3: Be Willing to Collaborate

Two common Deal Killers owners often face are *trying to negotiate a deal by themselves* and *failing to hire a deal team*. Serious buyers will come to the table with teams that will help them pay the least and get the most from your company. They know what to look for and will likely give no leeway, which can easily overwhelm you if you go it alone (especially if you're still ingrained in running the business).

Instead of going it alone, hire and collaborate with a strong deal team. A deal team can help you find and fix flaws in your business before buyers see them. That can lead to a sale on your terms while preventing buyers from retrading (i.e., using flaws they find to lower their offer).

Step 4: Commit to Pre-Sale Due Diligence

Pre-sale due diligence can be costly, both financially and emotionally. However, you must identify your company's weaknesses before a buyer, lest you want to negotiate from a position of weakness. Further, it's crucial that your pre-sale due diligence is objective and clear-eyed. If you're a major part of the business, it's easy to deny or ignore critical business flaws.

Fortunately, you can tap your deal team to help you follow through on due diligence. It's their job to strengthen your company so you can plan for a successful future on your terms.

Step 5: Plan for a Future Without Your Business

You can do everything right in your planning and still regret everything. This is especially true as you approach your sale date: After all, once you sell your company—something you've built, nurtured, and guided for years—it's no longer yours. Seller's remorse is fairly common, but it's also something you can address.

An effective way to plan for a successful future without your business is to talk to your advisors, family, and other owners. Share your ideas about what success looks like, and ask for their thoughts. They may be able to help you

find your purpose outside of owning a business. Preparing yourself for a future without your company is just as important as preparing your company for a future without you.

We strive to help business owners identify and prioritize their objectives with respect to their business, their employees, and their family. If you are ready to talk about your goals for the future and get insights into how you might achieve those goals, we'd be happy to sit down and talk with you. Please feel free to contact us at your convenience.

Please contact Dan O'Brien for a free one hour consultation on your exit planning needs

Our new address is:

30 Braintree Hill Office Park

Suite 102

Braintree, MA 02184

Phone 781-410-2300

Fax 781-320-8608

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