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# Avoiding Unwanted Surprises

For some business owners, a third-party sale is their best option for a successful business exit. Third-party sales are popular because owners often believe they can get the most money from their businesses in as little time as possible from a third-party buyer. They might be right. But what they may not consider is how little control they have over their businesses, their schedules, and even their futures once the third-party sale process begins. Consider the following case study:

*After 35 years of building a successful manufacturing company, which employed about 100 people, Lemont Lemieux was ready to retire. Always a do-it-yourselfer, Lemont had hired a business valuation specialist; found an interested buyer; assembled a deal team consisting of a business broker, deal attorney, and his company's CPA; and, most importantly, told his wife, Trinity, about his intentions to sell to an outside buyer long before he began the process. Neither of their children had any interest in the business, and Lemont and Trinity were ready to travel.*

*One day, Lemont's business broker called him and said, "We worked out a final deal that will get you the $7 million [after taxes and fees] that you said you wanted. The buyer said they want to have this deal finalized as soon as possible so they can start integrating your systems into theirs and begin the management reorganization process."*

*"Management reorganization process?" Lemont asked.*

*“Right. The buyer plans to shut down your local operations. They’ll move your equipment and maybe a few employees to their nearest facility, where there’s excess capacity. After their site visit at your plant, they identified three employees from your company they want to interview to oversee operations in that line, so one of them will most likely get the job.”*

*“Why wasn’t I involved in this discussion?” Lemont asked. “I never wanted to have operations here shut down. I’ve got a lot of longtime employees. I’ve got managers that built their careers working their way up in the company.”*

*“You never told me about wanting to protect your employees. You’ve only talked about wanting to get out this year, so that’s what we aimed to do,” replied the business broker.*

Lemont’s situation is only one example of how third-party sales can be trickier and more complex then owners expect because there are factors that owners simply don’t consider. The deal team handles most of the process and does everything it can to get as much money on the best terms possible. But the deal team may not be focused on an owner’s broader objectives for the sale. With this in mind, there are three things you can do to stay in control of the process throughout.

1. **Have your Exit Objectives in mind.**

   A thorough assessment of your complete goals and objectives uncovers issues and interests you may not realize are important.

2. **Build and preserve your management team.**

   A strong, well-trained management team will affect business value, transaction terms, your leverage in the deal, and maybe even your community.

3. **Create a comprehensive Exit Plan before putting the company on the market.**

   Planning in advance of a third-party sale shines light on the connections between your exit and the future for your business, your employees, your family, and possibly your neighbors.

If a third-party sale is the Exit Path you’re considering, contact us today to make sure that your interests are represented throughout the process of exiting your business.

*by our firm.  We appreciate your interest.*

*Any examples provided are hypothetical and for illustrative purposes only. Examples include fictitious names and do not represent any particular person or entity.*

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