Selling Your Business: How to Structure and Negotiate the Best Deal

Selling your business means cashing in on your years of hard work and sacrifice. Buying a business offers an opportunity to expand, along with the assumption of risks. In both instances, the final price represents a significant cash commitment. But the price you think you are getting or paying can be dramatically affected by how the transaction is taxed by the IRS and assumption of known or unknown liabilities. That's why the prudent buyer or seller analyzes all considerations of the deal, as well as the net after-tax cash received or paid.

In this Special Report, we provide a comprehensive overview of how to structure and negotiate the sale of a business, including the four principal methods of payment, the tax considerations, use of contingency earnout and installment note, continued benefits to negotiate, and much more.

The Steps to Getting the Most Money for Your Business

1. Be knowledgeable of how deals are structured, what assets to keep, and what personal benefits to continue.
2. Identify and list *all* the reason the buyer is interested in acquiring your company.
3. Determine how much the buyer is willing to pay for your business, when you will get payment, and the type of deal structure: asset or stock purchase.
4. Analyze and quantify the buyer's savings and increased sales and profits after purchase of your company.
5. Adjust your own company's income statement to reflect the added sales and profits; do the same for the company's balance sheet to reflect today's fair market value of the assets, particularly real properties, leasehold improvements, and equipment.
6. Compute the total value of the company to the buyer and then set the asking price. Don't forget to include the value of your company's goodwill and intangible
7. Structure the transaction to receive the most after-tax cash and know how to avoid the risks and problems associated with stock, installment, and contingency.
8. If you have substantial monies in a company retirement fund, life insurance policy, or deferred compensation plan, protect these assets. These are personal assets you accumulated as an employee of the company, not company assets. They should be separated out from negotiations on the company's sale.
9. Have alternative offers prepared in advance so an inability to come to agreement on one proposal doesn't kill the entire discussion
10. Remember that the worst negotiating position is when a seller's back is against the wall and he or she is desperate to sell. Plan far enough ahead so you sell out before you get to that point.