

What's Developing

(Note: this article was written by Alison Kiesz of NECOG – Northeast Council of Governments, and reprinted with her permission. If you are now, or someday, planning to sell your business, read on for some good advice. Wanda Jundt)

Do You Have a Plan for Selling Your Business?

Alison Kiesz, RLF Manager

Someone recently told me that planning to sell your business 10 years out isn't too soon to start. They also said they think in rural South Dakota it's very difficult to put your business up for sale and be out in one year.

If you are a business owner looking to transition out of your business, these comments might make you a bit uneasy.

Do you have a plan to sell your business? Who will take over when you are ready to retire or otherwise move on?

There are a few options you can look at when selling your business. You can:

- Sell to one or more employees
- Sell to a family member
- List the business for sale with a realtor

Oftentimes, the next generation in your family or loyal, dedicated employees are the logical choices for passing on the business. If you don't have family or employees who are interested, then you might be looking for a buyer from outside your immediate circle.

This should go without saying but it's almost always more profitable to sell your business while it's still operating. If you decide to close the

business and sell the inventory, equipment and building on their own, you won't usually get as much money.

Some business owners want to try and save on the realtor's commission and sell the business themselves. The thing they don't account for is the vast network a realtor has to help market and advertise the business for sale. They can attract interest from a much larger and wider audience than an owner can on their own. Simply putting a 'For Sale' sign in the window, doesn't usually

generate much interest. Realtors also have the time to show the building and field questions from potential buyers while you are busy running your business. Not to mention their expertise in helping you come up with a fair valuation for the business. In my observation, it's well worth the money to hire a professional to sell your business.

Other questions to consider:

- Are you willing to sell on a contract for deed if the new buyers aren't able to get financing? This option might be able to set you up with a dedicated income stream while making it possible for someone else to take over ownership of the business.
- Are you willing to hold on to the real estate and lease it out to the new owner for a period of time?
- Are you willing to stay on to transition the business and help the new owner learn the ropes?

If you know that you'd like to be out of your business sometime within the next 10 years, I'd encourage you to visit with an attorney and/or an accountant sooner rather than later. Staff at the Small Business Development Centers can also provide some assistance and advice for preparing to sell your business.