

Common Selling Mistakes

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It has happened all too often. The seller lists their business. The buyer checks the business over and decides that it's what they want to purchase. The buyer makes an offer on the business. The seller agrees to the offer, and then ...the sale stops in its tracks and disappears. But why did it stop? What possible issue could have occurred that would make a seller, or a buyer, back out of a sale at the last minute? As it turns out, there are a number of possibilities.

The Seller

The seller decides, after a certain amount of years in business, to put his business up for sale and see if he gets any offers. So, just for the heck of it, he does so. The next thing he knows, he is overwhelmed with offers. One of the offers looks really tempting, so he takes it. And then, like a bride running from her wedding day, he gets cold feet. He starts thinking about all of the free time he is going to have, or starts reminiscing about how much work he has put into the business. So he does the only thing he can think of and backs out.

Believe it or not, this happens frequently. Business owners will put their pride and joy up for sale, for whatever reason they have, and will end up rethinking their decision and will back out at the last moment. This frustrates the buyer, and everybody else who has been working on closing the deal. It is imperative that you are sure you truly want to sell your business. If you back out of a sale, you may end up with a bad reputation and it might be extremely difficult to sell the business in the future.

If you don't disclose all of the good *and* bad things about your business, the buyer could back out. Little things, which might not seem like a huge deal to you, can cause a buyer to back out of the transaction so fast that you can see skid-marks on the pavement. Always under-promise and over-perform, as I say. Most business brokers, who were surveyed about this, all agreed that they could handle almost any problem, as long as they were informed about it at the start of the selling process. If you present your profit to be X and it turns out to be Y, it 's going to be a problem.

The Buyer

If you enter into a business deal and say that you are committed to buy the business, the seller is putting as much trust in you as you are putting into the seller. They believe that you will follow through with your agreement to buy their business, and if you don 't, it can cause major headaches for the seller and your advisors. Buyers, many times, are not only buying a business, but, in some cases, they are putting their entire financial future on the line. All too often, for a new business buyer, it becomes, "do I have the guts to leave my job, put up my life savings, and 'roll the dice' on becoming an entrepreneur?" This is often a scary proposition for buyers and some may scramble for an excuse, instead of admitting they don 't have the guts to "pull the trigger."

Incidentals

Remember that there are issues beyond your control, such as a fire, financing falling apart, or some other unforeseen problem that develops. Try to remain patient, as the process, sometimes, takes several weeks to several months. If you have additional prospective buyers in the funnel, be sure to stay in touch with them and keep them interested, in case your deal goes sour. Make sure to communicate and cooperate, and the sale of a business should go over easily.

Always choose advisors who are deal makers and not deal breakers. All too often, busy advisors drag out the process and everyone loses interest. Remember ...“strike while the iron is hot!”