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How long will it take to Sell your Business?

If you have thought about selling your Company, one of the key concerns that will certainly cross your mind is, "how long will it take". Selling a business can look daunting from the outside looking in, that is why we at CHV Group are dedicated to setting your expectations accurately and walking you through the entire process. Below we quickly detail out the typical timeline for a business sale, but make sure you continue to read on our website as we detail it out even more.

By working with a focused advisor, he will walk with you through the entire process of selling your business, you can expect the following timeline. The typical initial preparation will take about eight weeks, then 60 – 180 days will be dedicated towards marketing, one month for negotiations, and 30 – 90 days for due diligence and final closing, including financing and all legal documents.

As a seller, your focus should not be on selling but to continue running your Business until the day of signing the sales agreement and receiving your check. That will be your best value option, as the time frame can always be drawn out, but no one can foresee all the details and interaction that come along. Hire an advisor who understands your Business, does his work diligent to find not only a suitable but value buyer, and commits to the entire process. Learn how CHV Group will walk through the entire selling

A) Evaluation, 2-3 weeks

The initial phase in working to sell your business is to evaluate the price expectations of the owner and compare that with what the market will deliver. Your advisor will need about two to three weeks to comb through your financials, recast, give consideration of the past and forecasted business performance and analyze the tangible and intangible assets to determine a fair market value verified with Comp Data. The Advisor will also perform initial research on the market to seek out potential strategic and financial buyer.

If your expectations for a value do not match the professional expectation from the market, there are only two options to avoid a lengthy and drawn out emotional sale. Either adjust the value or probably postpone the sale of the business. If you chose to postpone, ask your Advisor how to improve your business value, starting with a GAP assessment for a sale later.

Sometimes, in a strategic sale and in a situation where the seller company needs help to grow, going to market without disclosing the price may work, and then let the market do the valuation. However, in this scenario, be prepared for an extended marketing campaign.

B) Preparation

Once the parties have agreed on a valuation and completed a contractual agreement, the Advisor will put together a Marketing Book (Confidential Information Memorandum) and a short Executive Summary for an initial introduction. During this time the Advisor will ask for a substantial amount of information from the Owner. The information will include all aspects of the business including

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future growth. This is also the time to talk about the deal structure and the expectations the seller has about the Buyer.

Within the preparation phase there is a subphrase that is the research of the market and building of a potential buyers list.

C) Marketing

Timing of the Marketing campaign is the biggest variable, because depending the market and the nature of the Business, the timing will variate. During this phase, the Advisor will be contacting potential buyers from a list you approved. The Business will only be revealed in general terms and after approving the qualifications of the Buyer a detailed NDA will be executed to release all specific information. Monitoring the Marketing timeline is always a sensitive topic; with a high number of interested Buyers it can be aggressive. However, with certain situations, business performance or niche businesses lower interest may extend the marketing period. Keeping the interest up is key, which is a test for the Advisors negotiation skills as well as stamina,

D) Negotiations

Once the serious, capable and fitting Buyers are identified and offers reviewed, visits are arranged and detail discussions (Term Sheet) are negotiated. This process may spread out over a couple of weeks depending the availability of the parties. Then an analysis will be made of the offers and a decision to choose the best Suitor to proceed with an LOI.

E) Closing

Due Diligence and Closing starts with an executed, binding LOI with all terms outlined and defined essential to the Sale. This process should not exceed 45 – 60 days, unless there are environmental or financing decisions to be made that sometimes can cause delay. (to avoid delay, the preparation and valuation phase are most important, to avoid surprises) Most important in this phase are a professional Team of legal and financial support, detailed and most knowledgeable in closing deals to arrive at a purchase agreement that supports the deal and a deal structure that is maximizing the "take home money" for the Seller and a starting position for the Buyer to continue the success.

Be prepared. until you have a signed and agreed Purchase Agreement in place with a signature and a check, it is not done. Sometimes disappointing, but it happens and then it's back to C.