

From Gary R. Waitzman
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Let's Talk About...



How can we help?

Is there a way we can help you or your family?

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Selling Your Business

You're selling your business. What should you watch out for? As our population ages, more and more business owners are looking to sell their business. Some want to cash out and retire. Others want to bring in employees as owners and stay involved in the business. And others would like to transfer the business to the next generation of family members.

In this issue, we will look at the client of a colleague who wanted to cash out and retire.

Max had been running a small manufacturing company for over 25 years. He bought it when he was "downsized" out of a major corporation. The first 5-6 years in business were a struggle. Max fought to turn the company around and establish the business as one of the leaders in his market niche. For the next 20 years he ran a successful, but tiring business as he adjusted to new market realities, changes in laws and technology, and selling to a global market. While successful, Max was tired. He just did not have the energy to continue the good fight. And truthfully, he wanted to spend more time with his grandkids (and maybe a little more time on his fishing boat.)

He contacted his business lawyer for advice on selling his business. His lawyer, pulled together a team, consisting of Max's CPA and financial advisor. The lawyer also brought in a business broker.

Here are some of the key pieces of advice that this team provided to Max.

1. Do a general clean up exam on the business (often called "due diligence"). Make sure your profit and loss and balance sheet are in a form that an investor can understand and count on. Make sure contracts with key suppliers, customers and employees are up to date. Look for operational weaknesses and see what can be done to create strength in these areas.
2. Keep yourself and your management team focused on

operating the business. It often takes a while to sell a business and you may have to go through the sales process more than once to complete a transaction. Making sure that the business continues to be well run and profitable is a key to maximizing value. Remember, it is not easy to sell a business. But it is much harder if the business starts to decline because of unfocused management.

3. Look at the cost of taxes. Most business sales result in tax. In most cases, there are alternate ways to structure a deal to minimize tax to the seller. However, these often create more tax for the buyer. Both sides will be looking at ways to factor tax savings into the overall price.
4. Understand your own financial picture. Many owners have had good lifestyles supplied by their business. Be sure to work with your financial planner to make sure you will have enough money from the sale of the business to make up for the loss of income from the business.
5. Think about life after sale. Will you continue with the business as an employee or consultant? Will you take another job? Volunteer? Do you have hobbies that will keep you involved and interested? Many owners have second thoughts about selling when they don't have a clear picture of the future after they sell their business.

Of course, everyone's situation is different. But if you are thinking about selling your business, these are certainly some of the items you will want to consider.

If you have questions, [click here](#) to have our office call to set up a time to discuss this with you.

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