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Survey revealed that over 80% of business owners have no formal transition plan.

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The majority of business owners are planning on the proceeds from the sale of their business to fund their retirement. However, the 2013 State of Owner Readiness Survey revealed that over 80% of business owners have no formal transition plan.

Historically, only 25% of businesses up for sale actually sell. Those odds are likely to become worse as millions of baby boomers attempt to sell their businesses over the next decade in the Exit Bubble®.

Combine the lack of readiness with the historically low success rates for selling a

don't sell is that business owners don't have a vision of what they will do next. They can't imagine not being the owner of "XYZ Company," and the fear of the unknown causes them to walk from a deal at the last minute (cold feet). For you, what comes next might involve working in a different occupation, dedicating more time to charity work or becoming a coach. Taking the time for this introspection early in the sale process greatly increases your odds of successfully getting to the closing table.

3. **Be armed with the facts.** It is natural that, as a business owner, you value your business higher than most buyers. You have spent years of blood, sweat and tears building your company and know it inside and out. Unfortunately, buyers don't have that same level of understanding or legacy. Before buyers begin to ask questions, perform your own pre-sale due diligence on your business. View your business through the eyes of a potential buyer to identify impending issues and arm yourself with detailed facts about the business. Sellers who can answer detailed questions with facts and data (as opposed to opinion and anecdote) instill confidence in buyers and make the due diligence process easier.
4. **Minimize surprises.** Surprises are fun for birthdays but not when selling a business. When dealing with a potential buyer, it is human nature to want to avoid discussing a negative issue such as a troubled customer relationship. Especially for proud business owners who feel confident the relationship issues can be resolved. Buyers may not have that same confidence without the years of history with that customer. Instead, identify potential negative issues during your pre-sale diligence, and disclose them immediately while you still have negotiating power. Once you sign the letter of intent, a negative surprise in due diligence could result in a reduced purchase price or a failed deal.
5. **Don't take it personally.** Due diligence is the most personal thing you will do in business, and it's critical you don't take it personally. Buyers routinely perform due diligence to confirm what you have told them and to find potential reasons to

reduce the purchase price. This is standard business practice. Buyers question

negotiating table sooner than anticipated. Preparing yourself and your business now will increase your odds of a successful sale when the time comes.

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Tensie Homan is a CPA, author of *Beat the Exit Bubble*, and an experienced mergers and acquisition professional. Over the last 20 years, including nine years as a Partner at KPMG LLP, she performed due diligence on more than 200 companies in the U.S. and internationally. In 2013, Homan co-founded ExitBubble.com with Dan Meyer – an online independent resource for business owners preparing to exit their business.

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