

Selling Your Business: Preparing for the Emotional Ride of Your (Business) Life

By Holt Vaughn

5:45 a.m. Rise and shine. I say a prayer (a long one). Cue up the Altec Lansing system and subwoofer in the master bedroom (Yep, in the bedroom. Life is better with a soundtrack). Bachman Turner Overdrive — “Takin’ Care of Business” — on repeat. Volume at 7. No, make that 11, this is serious. Rock and roll shower and put on my armor (ragged jeans, leather sneakers, black shirt). Breakfast: protein shake, handful of almonds and a bit of fruit. It’s D-Day. Moment of truth. Game face. Life is about to radically change.

Today we close on the sale of my business. An odd mix of bravado, jubilation, anticipation, trepidation, and...sorrow.

I suspected then, and had been told, that a lot of business owners experience similar emotions. The ego boost and joy of getting a good deal after years of hard work. The excitement of new horizons to come. The melancholy of knowing a season is closing and with it, many relationships. Routines and life in general will be very different.

A handful of years later, I can heartily affirm that the story is generally consistent: selling your business, whether you’re a seasoned executive or relative newbie, is an emotional roller coaster.

You’re Not Alone When Selling Your Business

Like many entrepreneurs, shortly after I sold, I entered a new phase of business life and accepted an invitation to join an M&A firm. I’ve since spent the last several years in conversation with hundreds of business owners, from small shops to mega agencies. These are the kinds of things I regularly hear:

“I’ve led the number one firm in my state for years, done hundreds of high-profile projects, handled millions of dollars, but when it comes to selling my business, I’m terrified.”

“I’ve sold or acquired about fifty agencies, and it’s nearly always a wild ride.”

“I’ve worked with the world’s top names in government and tech, but this is a whole other world. The emotions are all over the place.”

Selling the World You've Built

These are strong people. Skilled, hardworking, experienced, accomplished, and often enviable. Yet for better (or sometimes worse), the best definition I've ever heard of an entrepreneur is this: *Entrepreneurs are people who build fantasies, and then live in them.*

One of the things that makes successful business owners admired is that they have a vision, can create something from nothing, and bring others along in their exciting bubble. But that's also one of the most difficult challenges they face. When finally selling your business, the realities of moving on — however exciting — are also filled with the myriad challenges of leaving the hallowed world you've built. The adage of being married to one's business rings true, and parting from your life partner is never easy.

That definition of entrepreneurs came from a consultant who was wisely helping me prepare for the emotional ups and downs he warned me would inevitably come from selling. He told me it was vital to ready oneself for the ride, both during the technicalities and stresses of the M&A process and then of the post-closing realities of life without my baby. Sorry for mixing metaphors, but "baby," "marriage," whatever we call it, it's hard to overstate how deeply attached most owners are to their companies.

The consultant had coached many executives through the M&A process, and he said almost nothing can truly prepare you for it. That meant all the more reason to find great M&A advisors for support at all phases pre-, during and post-transaction, especially advisors who have walked that journey already.

Another great quote I've benefited from all my life: preparation time is never lost time. So here are about a dozen preparation lifelines every business owner can use. After all, you've spent endless hours building your business, and you only sell it once.

Calculate Your EBITDA...And Your Emotions

Many owners tend to think they're ready to sell. They've talked to a few friends and associates, done a bit of research on selling their business, and spent some time soul-searching. They may even understand [EBITDA](#) (Earnings Before Interest, Taxes, Depreciation, Amortization) and have a feel for what they want to get paid for their company.

They feel ready...

Until their valuation comes back lower than expected; or the buyer wants to reevaluate the terms; or they realize the team they've built, which has become like family, is about to be turned over to someone else's leadership; or any number of other events.

Truth is, exiting your company is about more than the multiple or the price tag. It's also about your years of emotional investment into it. The more data analysis, soul-searching, and honest practical realities you can bring into your "I'm ready to sell" calculator, the better.

Selling Your Business is About Both the Head and Heart

Studies have shown that 88% of owners have no written exit plan in place, though two-thirds of business owners want to maximize their company's value when it's time to retire, according to Forbes¹. If the overwhelming majority of business owners aren't prepared logistically or financially to exit their business, how can they be prepared emotionally?

Most successful owners already have learned the importance of the magic of both heart and head in the game. The heart can drive the vision but they've known that to keep their emotions in proper order, they need a great team and great data. The time during selling is not the time to let one's heart muddle one's head. Many owners simply don't realize that [selling means providing lots of hard data](#) in all the right ways. That is what savvy buyers demand, and it's a big part of how you can command top dollar.

Overwhelm can set in quickly:

- Spreadsheets full of details to think about
- Countless serious decisions to make
- Timing: Keeping it under wraps until the right time with the public, your staff, etc.

If you're not a seasoned expert in buying and selling companies, things can quickly go south. Especially because, more often than not, you need to keep running your business at the very top of your game while simultaneously selling it!

Remember that this is not just about getting the right price and deal terms at the beginning, it's also very much about what happens *after* the LOI is signed. You need advisors who are experts at handling the intricate and often tedious frustrations of the weeks (or months) that follow. Keeping your eyes on the prize during it all will help you get to the coveted finish line.

So do your homework: Your M&A team should have the heart, soul, and the serious financial and technical chops to help you get your company:

1. Properly prepared,
2. Packaged for sale in every detail (think, staging a house for real estate),
3. The skills and personnel to see the deal through the countless details needed for a successful and timely close.

Buyer beware: Anyone who tells you that in the ordinary course of M&A, selling your business is fast and easy, is doing exactly that: selling you something.

¹ <https://www.forbes.com/sites/sageworks/2017/02/05/these-8-stats-show-why-many-business-owners-cant-sell-when-they-want-to/?sh=699a535544bd>

Adrenaline Wears Off. Doubts Creep In.

The initial excitement of selling your agency can be adrenalizing. You've decided you're ready for a new chapter, and you've bought your ticket for a future trip. But then reality sets in, the process overwhelms (there's that word again), and doubt creeps in:

- Where do I start?
- How much can I get?
- Who will help me along the way?
- What if this doesn't work?
- Will I regret my decision?
- How do I choose the right successor?
- Will my employees be ok? And when do I tell them?

Build Your Foundation Before Selling Your Business

It's clear that feeling emotional during the exit process is normal. Here are 9 ways to build your foundation now and help you navigate the emotional rollercoaster:

1. Remember why you initially started this process. Write down your reasons. Look back on them periodically to keep yourself grounded.
2. Reduce your stress later by getting your house in order before you begin the process. Prepare your financial statements (learn more about that [here](#)).
3. Build your team. Meet with various M&A advisory teams to find the right people to be with during the journey. Do you know anyone who has exited their company in whom you can confide and ask questions about the process?
4. Create a list of your end goals. What are your priorities when vetting potential buyers? Is the buying company's culture more important than its size? Knowing your non-negotiables can lessen the anxiety of knowing who to sell your company to.
5. Know your expectations. Do you expect to sell within a certain time frame? Is there a minimum offer you need in order to go through with the deal? If you don't plan in advance, you might feel rushed or pressured, making an already hard decision even more difficult. Some M&A advisors will help you build value to prepare for going to market, which can be very worth the investment in order to maximize your deal value.
6. Have a backup plan. What if your business valuation is lower than your perceived company value?
7. Begin to scale back. Apart from letting go of running the business itself is the loss of separation. You might encounter separation anxiety upon exiting after losing a routine and community that you've grown accustomed to having.

8. Plan your post-exit. As if planning your exit wasn't difficult enough, have you thought about what you'll do after? While you don't need an extensive post-exit life plan, thinking about your next steps can be a lighthouse to you while you're negotiating the sale of your company.
9. Until the day you close, and possibly even after, you will almost certainly second guess your decision. So be clear on your options. One client I recall had a dream multi-million dollar offer on the table but couldn't sign the Letter of Intent to accept it. Though we were far into the process, remorse was heavily setting in as things were getting real. Simply putting together a one-page of alternatives immensely helped the client. Analyzing the options on paper and in discussion, with a clearer heart (addressing motivations, fears, dreams) and head (looking at the data and realities), made all the difference. The decision was now much easier, more satisfying and calming, because the ambiguity was laid to rest and the clearer path forward was inviting.

Selling your business is a big deal. It's natural to feel emotional during the process. Rest assured, you're not the only one who has felt this way. Having a trusted M&A advisor who "gets it" when it comes to the emotions of selling your company, is a huge comfort and can be the difference between a great deal closing or falling apart.

[Contact](#) our team today to talk with an M&A advisor who has already ridden the roller coaster.

About TobinLeff, LLC

TobinLeff is an M&A advisory and exit planning consulting firm that helps owners of marketing services agencies and MarTech companies sell to strategic buyers and private equity groups. With 12 years of service, TobinLeff has assisted more than 150 clients with exit planning solutions and M&A transactions. The firm is based in Pittsburgh, with partners in Nashville, Raleigh-Durham, and Orange County.

Please visit our website at www.tobinleff.com for additional information and case studies.



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