

## WHY ARE YOU SELLING? INQUIRING BUYERS NEED TO KNOW

There are many reasons an owner wants to sell. However a common reason is the business is in trouble and the owner can't or doesn't have the business acumen to fix the business. Because the business is in trouble isn't necessarily all bad, it can be a "gem", do your due diligence however before you buy. Other reasons for a sale are listed below:

- 1) The owner is retiring (a valid reason for selling if true).
  - A) Do they have any family members, why don't they want the business?
  - B) Are there any employees who would like to buy the business?
- 2) The owner is tired or bored and has no desire to continue to operate the business.
  - A) One of the most common reasons, length of ownership has no bearing on when boredom can strike an owner.
- 3) Illness or death with the owner, spouse or partner or other family member.
- 4) The owner started the business from the ground floor and now the business needs new ownership to take it to the "next level". This often means the business needs an infusion of cash, so look carefully at the financial statements.
- 5) Owners personal problems such as divorce can force owners to sell.
- 6) The owner has a "new opportunity" or venture to try.
- 7) The owner just bought the business and it is more work than expected.

There are many other reasons why an owner wants to sell, but the ones listed above should give a buyer an idea on what to expect when the question is asked of an owner:

"Why are you selling your business?" This is one of the most important questions a buyer will ask of an owner. If you are the owner answer this question candidly.

**Fair Market Value: (I.R.S. Definition)** That price at which a willing buyer will buy and a willing seller will sell a certain item of property, neither being under any compulsion to buy or sell and both having a reasonable knowledge of all relevant facts.