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Three situations when you may want to sell your business

Jack Rainer

When you own a business, you tend to focus on the here and now. You're focused on managing employees, driving sales, containing costs and planning your next growth opportunity.

Selling your business, if it crosses your mind at all, is a distant, hazy goal, not an immediate consideration.

After all, your business is not just an investment; it's a community you built. It's a place where you go to work every day.

And, to some degree, it also represents your personal identity. Too often, a business owner dismisses a good offer due to the magnitude of the decision.

So, when should you really pay attention to an offer for your business? If you're an owner who has seen profits climb substantially in recent years, it's wise to be ready in case an investor comes knocking.

Jack Rainer, Oaklyn Consulting

To help discern whether to open the door to a new path, here are three situations when a buyout offer might be too good to refuse:

When the deal will allow you to grow more – and earn more – than you ever could alone

Taking some of your money off the table and getting capital to pursue growth and getting

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an investor with the experience to help you? That might be too good to pass up.

In my role managing mergers and acquisitions, it's not uncommon to work with an owner who sold most of their business but decided to keep working there because the new owner has the capital and experience to open a clear path to something bigger.

When you could invest the proceeds and reasonably expect to earn more than you could by keeping the business

Running a business is hard work. Margins aren't always that high, and most business owners do have all their eggs in one basket.

Every few years, it makes sense to stop and consider the changes that could happen in the future — both in your personal and work lives — and how much you're really likely to earn from running the business.

For some owners, it could make more sense to take a big payout now, while valuations are high and taxes are low. This year could be the time to work with a financial planner to understand the "number" you might need if you wanted to live on investment returns.

When you are tired and your organization lacks a succession plan – and someone is offering to easily solve that problem for you

A common story we hear is, "I am ready to retire, but my children have no interest in the business."

For most business owners, the legacy of their company and the future of their employees is a crucial consideration. And, they know that not every business will be sold: Competitors are happy to pick off customers until too few are left to operate profitably.

There is peace of mind that comes with selling to someone new and fresh who knows how to tailor the transition smoothly and respectfully to all parties.

It's important to thoroughly evaluate an offer to make the right decision for you and for those whom would be affected by the deal.

It is wise to raise the red flag when an offer seems too good to be true. But these days, if you thoroughly vet your options, there could truly be an offer you shouldn't refuse.

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