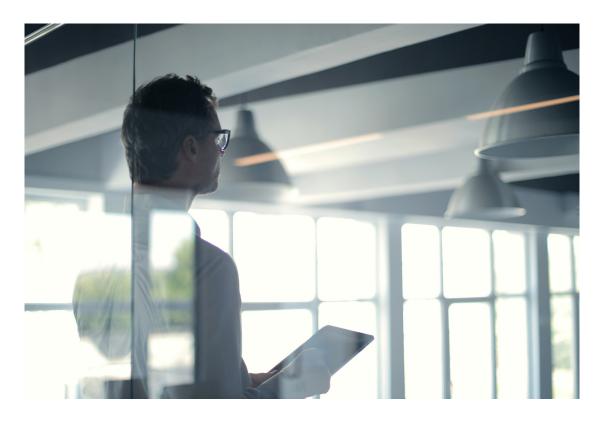
# Small Business **CURRENTS**

## The CEO's Role in Selling Their Company

By Frank Williamson



The number of small businesses being bought or sold is continuing to climb back to its pre-COVID level, according to BizBuySell's Insight Report. Additionally, sellers are increasingly confident that they will get a good offer, and 28% of owners plan to sell in the coming year.

Perhaps you're thinking about selling your company. The mergers and acquisition world can seem overwhelming, especially for those selling their business for the first time. It's hard to know where to start and what needs to happen to ensure the process is successful, which is why many business owners seek the assistance of experts. However, that doesn't mean that the CEO or owner should be hands-off. In fact, a successful business sale often requires their active participation.

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As an investment banker, I have helped many CEOs and owners sell their businesses. And I have seen a huge difference in the result when a CEO is directly involved in the sales process versus when they are not.

#### A CEO's expertise

The CEO sets the vision for the company and knows the logic behind the decisions that got the company to its where it is now. That makes them uniquely qualified to talk about the company's future.

Potential buyers or investors will want to hear the CEO's ideas about what happens after the sale or the benefits that the two merging companies can realize together. The CEO can also provide insight around how the company will handle new ownership, structural changes and forthcoming developments in the market.

CEOs are aware of their sector's landscape and have a sense of where things are trending. They know influencers, suppliers, competitors and others in their industry — and they've probably had hundreds or thousands of networking conversations over the years. Those connections may help them find viable prospects, or even be the potential buyer they're looking for.

### **Ability to sell**

Even if they have not been involved with M&A before, CEOs understand how to sell. And that's what M&A requires — putting the same intense effort into selling a company that you would use to sell your products or services.

As with selling a product or service, it's crucial to not put all one's proverbial eggs in one basket. If only one investor or buyer is considered, and the deal falls through, everyone will end up back at square one. That can take some excitement out of the process and elongate the timeline for completing the transaction.

Instead, the sale of the company should be handled like the sales process within the company. There should be a pipeline of prospects who are being spoken to regularly and methodically.



Then, if one doesn't work out, you will know there are other options to consider. On top of that, having other prospects in your back pocket gives you more leverage at the negotiating table.

#### Things to consider

While CEOs bring a lot of skills and value to the M&A process, they can't do everything on their own. For one thing, there simply is not enough time to run a business effectively while also trying to manage the sale of it. An M&A expert will have more experience with the process, be able to better negotiate the deal and know how to handle any complications.

It's also important to consider the emotions that may be stirred up during the sales process. CEOs and other company partners may get concerned about what will happen next in their careers. Some may take a role in the newly combined company, or they may use their earnings to start a new venture. It's also possible for CEOs to be nervous about it being public knowledge that the company is for sale, fearful of negative reactions from clients or people in their industry. However, most customers understand that businesses sell and merge. Plus, it may actually look odder if the company owner wasn't planning to sell, especially if they are nearing retirement age.

There are many questions and considerations related to selling a company, which is why it's good to have help. An investment banking professional can provide sound counsel and help CEOs and owners navigate the sales process. When CEOs add their expertise and skills to the knowledge and guidance of an M&A expert, all stakeholders will benefit.



Frank Williamson is the founder of <u>Oaklyn Consulting</u>, a consulting firm that helps investor groups and private businesses, from startup to middle market, with mergers, acquisitions, capital-raising, investor relations, succession and other strategic corporate finance decisions. Oaklyn Consulting does not work as a broker but as an extension of clients' boards and management teams, charging time-based fees for investment banking advice.