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Thinking of selling your business? Better get started

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To sell or not to sell? That is the question on the minds of business owners who didn't sell their businesses in 2012 and are concerned about the possible impacts of rising taxes and other economic issues this year. Middle-market mergers and acquisitions activity seems to be picking up in 2013.

Fact is, if you've been thinking of selling, the time to begin the process was, frankly, "Yesterday." Starting the process does not necessarily mean that you will pull the trigger and sell.

If your business is likely to be affected by any of the following factors, then it would be a wise move now to consult your trusted advisors, weigh your options, and begin taking the necessary steps to protect the best interests of your business. Timing is key to ensuring you maximize the value for your business.

Higher taxes and rising prices. Some economists are saying that the recent expiration of payroll tax cuts and spikes in food prices could subtract 0.8 percentage points from U.S. economic growth this year. According to a Reuters poll, the economy is expected to expand 2 percent this year, down from 2.1 percent last year. In light of this, households are more cautious about spending and acquiring new debt, are worried about having enough retirement savings, and are concerned about the rising prices of gasoline and almost everything else.

Choppy market conditions. While the stock market may be up at new highs, it generally does not move in a straight line and we can't sit back and assume it's going to continue heading north. The rebound that we're seeing in the stock market is due in great measure to political factors, including the size of the deficit and Federal policy, making the 2013 market potentially quite a risky place.

Sales taxes for online retailers. Online retailers and other online businesses are likely to get hit with more sales taxes. In time, everyone will have to pay sales taxes for their online purchases, which will neutralize to a certain extent the competitive advantage that many online retailers currently enjoy and will seriously hurt some of margins.

Capital investments and new technologies. The continuous introduction of new technologies that we're seeing is great in many ways, but purchasing these new technologies can often be quite expensive and require additional investments in terms of training and/or hiring employees who are able to use them.

Rising interest rates. Interest rates are expected to increase at some point and will hurt margins for some business owners.

Industry consolidations. Many industries, such as technology, travel and manufacturing, are experiencing consolidations. It's critical for business owners to know when to take advantage of good offers to sell their businesses. I've seen some business owners who, after missing out on opportunities to sell, have gotten stuck holding the bag with their floundering businesses while their better-capitalized competitors have continued to grow.

Expansions. For some business owners, expansion is critically important to remain competitive and keep up with growing demands from clients, etc. However, this requires both capital and stomach – which not all business owners may possess in the right quantities.

Emotional considerations. Just as important as the practical considerations mentioned above are the emotional factors. Some business owners find that they've been through so many trials and tribulations during the past four years that, simply put, they're tired. They want out. When these feelings hit, it's usually wise to begin looking for ways to move on, as businesses require a great deal of energy and commitment to succeed.

In addition to selling 100 percent of your business to a strategic buyer, there are a myriad of other options that you can consider, such as selling your business to a private equity firm or family office. This would enable you to retain some of the upside and give you capital to grow your business while helping eliminate some of your risk by taking some of your money off the table.

Indeed, in today's uncertain marketplace, business owners have many considerations and options to weigh, and it's important to work with trusted advisors such as investment bankers and attorneys to find the solutions that are best for every situation. As always, it's all about strategic planning – something that unfortunately some business owners are great at doing for their clients and customers but not so good at doing for themselves. Without doubt, business owners who roll up their sleeves and take the right steps at this time are likely to put themselves in the strongest position going forward into 2013.

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