

# Considerations for Selling a Business

## Discussion Outline



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## **1. Considerations for selling a business**

- 1.1. Evaluating the likelihood of a sale
- 1.2. Strength of commitment to sell
- 1.3. Types of buyers
  - 1.3.1. Strategic buyers
  - 1.3.2. Financial buyers
- 1.4. Valuing the business
  - 1.4.1. Restructuring the financial statements
  - 1.4.2. Optimizing the value
  - 1.4.3. Basis of valuation
  - 1.4.4. Acceptable offer structures
- 1.5. Packaging the business
  - 1.5.1. The offering memorandum
  - 1.5.2. Positioning the business
  - 1.5.3. Continuity of the management team
- 1.6. Shopping the business
  - 1.6.1. *Search strategy*
    - 1.6.1.1. *Wide or narrow*
    - 1.6.1.2. *How discrete*
  - 1.6.2. Finding buyers
  - 1.6.3. Creating an auction
  - 1.6.4. Timing
- 1.7. *Considering offers*
- 1.8. Deal structure
  - 1.8.1. Stock sale
  - 1.8.2. Asset sale
  - 1.8.3. Sale for cash
  - 1.8.4. Sale for stock
  - 1.8.5. Earnout
  - 1.8.6. Employment contracts
- 1.9. Letter of intent
- 1.10. Due diligence
  - 1.10.1. Managing the process
- 1.11. Definitive purchase agreement
- 1.12. Closing
- 1.13. Post closing considerations