



# EYE OF THE BEHOLDER

Joining the ranks of the über successful wealthy entrepreneur by making a lucrative exit requires finding the right buyer who sees the beauty in your business, says Alex Pratt

**W**hen it comes to selling our businesses, we entrepreneurs generally fall into two tribes. Much like parents, we are either excited, expectant and riven with apprehension in advance of the first time, or experienced, wizened old hands feeling good about renewed freedom now the kids have gone. For most, like me, the prospect of a business sale represents a potentially life-changing moment. One when we may finally be transformed from cash-poor wannabes, into fully paid up members of that upper entrepreneurial echelon of the serious player. To be accepted into this small elite club requires turning years of talking a good game into piles of money. To have merely run the business excellence race and made it to the finish line stands for nothing when forced to look on as the truly outstanding entrepreneurs pocket serious wedge.

There's no point insulting your intelligence with the obvious, such as making sure the value in the business is not dependant on you, ensuring your paperwork is accurate and complete, and offering up strong forward financial forecasts. If you have built something worth buying, you understand that a buyer will be looking for something sustainable beyond your departure or that of any other knowledge base and corporate memory. And you already know there will be pushbacks, brinkmanship and unforeseen complications that will drive the deal to the wire. A monkey could tell you this much, and you'll probably join me by employing an expensive one to do just that when the time comes.

Neither will I labour the obvious point about grooming the asset for sale by getting rid of dead stock, losing bad debtors, making sure no one customer is too dominant, and beefing up your management team. All the experts I've spoken to wax lyrical about these nuts and bolts issues, but diverge greatly on securing the best price, keeping schtum while the deal is being done, and surviving the peace once the money's banked.

Getting the best price does, of course, depend on the strength of your business proposition, the clarity of your vision and how extractable the vein of opportunity appears to the objective eye. As with all sales, creating real or perceived competition among buyers will almost always drive up price, but ultimately the business'

**“ARE YOU READY FOR THE MOMENT WHEN YOU ANNOUNCE THE SALE TO YOUR ENTIRE STUNNED TEAM?”**

beauty only really rests in the eye of the beholder. No matter how perfect your pitch, it's how much someone wants or needs to buy you that will determine what you get. Is what you do difficult or expensive to replicate? Is there strong value in the brand? Are you indispensable to your customers? Do you 'own' the route to market or a limited supply chain? Are you rated highly by your competitors, customers and staff?

Who do you bring inside the sale tent and who do you keep it from? If the King of Saudi Arabia can't keep quiet about wanting the Yanks to attack Iran, what hope in the modern socially connected world do you really have of keeping your plans a secret?

Finally, if you do succeed, are you ready for the moment when you announce it to your entire stunned faithful team? One friend describes the stunned silence with which his joyful announcement was met as a sudden realisation that he was killing his own family.

So I guess we shouldn't shirk from trying to become outstanding, and we would be foolish not to take obvious advice and employ the experts on our side who know what they are doing. However, we must guard against the greedy mistake of pushing for that bit extra if it means putting a match to your values as a leader. Simple really.

#### *About the author*

*Alex Pratt OBE has been running businesses since he was 16, when he traded bankrupt stock. More recently his company, Serious Brands, manufactures the reading lamps used on-board spaceships. He is also author of Austerity Business – 39 Tips for Doing More with Less, which was published in April 2010.*

*Pratt has been variously involved with the government's enterprise initiatives, including the old DTI's International Innovation Unit, chairing the National Assessment Panel for Business Support, and as director of the South East of England Regional Development Agency. He is chairman of the National Enterprise Academy in the South East of England and speaks regularly on innovation, entrepreneurship and leadership.*