By David M. Shanberg

Four Important Things to Know Before You Sell Your Company

The idea of selling your company, receiving a huge payment, and then relaxing on a quiet beach sounds very attractive – what's not to like? However, it's important to know what to expect before making the decision to sell.

Here are a few of the basics to be prepared for when contemplating selling your company:

1. Be patient

Even with interested buyers, the process of getting to an acceptable price for both parties and getting the buyer comfortable enough to pull the trigger can take 3-6 months. Of course, the length of time to close a deal can vary widely. I was involved in SBC Communications' acquisition of Pacific Telesis, which took only 1 month from the beginning of due diligence to announcement. On the other hand, I'm currently involved in a nine-party transaction which has been brewing for 8 months (and counting).

2. Get expert assistance

I'll admit that this is what I do, so the statement is self-interested. However, I truly think that it is ill-advised to try to "go it alone" when the stakes are so high. It's likely that you, others on the executive team, board members, and VCs have been exposed to M&A transactions, but there is much more involved in managing a successful deal. Get your advice from somebody who is truly an expert, even if that means calling on a friend or a contact on an informal basis.

A knowledgeable M&A attorney is also an essential member of the deal team (but is not likely to be able to fill the role described above). In addition, be prepared to engage tax and accounting specialists as needed.

3. Dedicate enough time

Even with an M&A expert to provide advice and manage the deal team, you (and other members of the executive team) should plan on dedicating enough of your own time, particularly if many of you will be staying on post-deal. In management meetings that are part of the due diligence process, potential buyers will want to hear directly from you. In addition to providing the detailed knowledge about the business and where it is going, there is no substitute for the enthusiasm of the team in charge.

4. Get organized

A potential acquirer wants to see that you have knowledge of and control over the business. Therefore, have all the relevant financial, accounting, legal, and operational information organized and ready to go.

Selling a company can be a grueling process, but with the right preparation, expectations, and support, you can make good decisions about if and when to start down that path.

David Shanberg has led communications, Internet, software, and other technology mergers, acquisitions, strategic alliances, venture investments, business development, and finance activities for the past 16 years, completing transactions totaling over $90 billion. He also has a previous 4 years of experience in technology consulting.

Baker Pacific specializes in corporate development strategy and M&A transactions for technology companies. Baker Pacific is especially well-suited for situations where a company finds itself contemplating or facing a significant transaction (such as a sale of the company or an acquisition) and needs additional expertise and bandwidth to be successful.

Baker Pacific's philosophy is not to just do deals, but to do the right deals. Its orientation reflects the impartiality and deeper industry understanding of an internal strategy and corporate development executive, as opposed to a transaction-oriented outside advisor. Baker Pacific is not afraid to advise against doing a deal.

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