

Selling Yourself to a Potential Buyer

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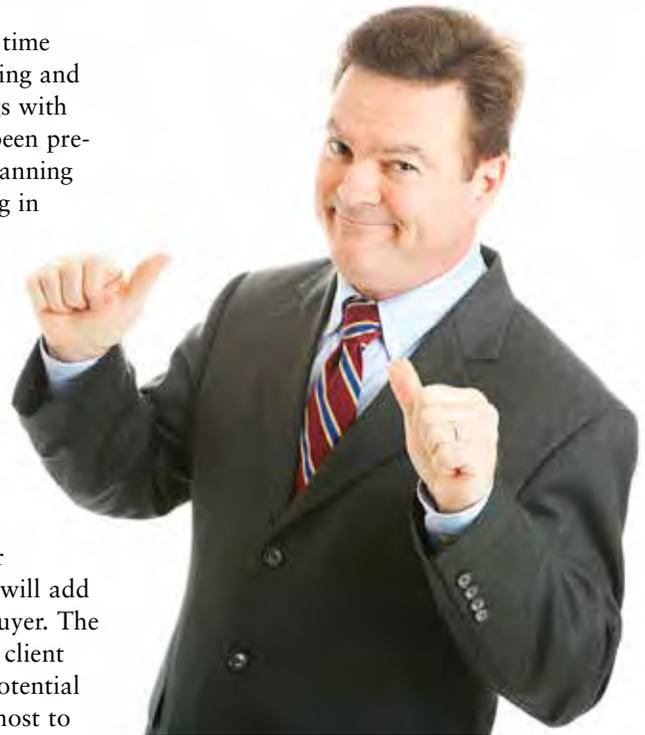
Many small and sole practitioners put in a lifetime of hard work in building their practices, but they often don't devote the time necessary to consider how to properly position and promote their firms when it's time to sell. The more the seller prepares, the more successful the outcome is likely to be.

The first step is for the selling practitioner to come to grips with the fact that a sale of the firm is a natural part of the business cycle. Timing the sale of the practice is one of the keys for maximizing the value of the transaction. Timing the sale in relation to favorable market and business conditions, rather than to a retirement date, will also allow the seller to maximize the selling price. (The worst time to sell a firm is when you absolutely have to.) Unfortunately, this is a rather common scenario in today's market where many firms don't have a succession plan in place. Selling a practice can be a very stressful process and take much longer than planned. However, properly structuring the selling process and laying the groundwork for a sale way ahead of time can result in a successful exit strategy and transition. Consider the following before selling your practice:

- Sales of small practices can involve a significant amount of emotions and confusion. Engaging a consultant, business advisor or other third party can be extremely valuable in providing impartial guidance. Through an objective and knowledgeable perspective, a consultant can guide the seller through all of the issues and suggest possible approaches in dealing and negotiating with potential buyers. The consultant should be engaged at least two to three years before the sale date to assist in developing an exit planning strategy so that the plan can be implemented

successfully in a reasonable time period, such as (1) introducing and initiating follow-up meetings with potential buyers that have been pre-qualified to meet the exit planning strategy criteria; (2) assisting in negotiating and developing the transaction details and structuring the deal terms that are acceptable to the seller; and (3) developing promotional emails and collateral materials to sell the benefits of acquiring the practice at the stated selling price.

- Getting your house in order many years prior to selling will add more value to a potential buyer. The practice's quality of clients, client retention success, growth potential and cash flow will matter most to a potential buyer. A practitioner planning to sell should not wait until the practice is declining before starting the sales process. It's an easier sell and a greater perceived value to potential buyers if the firm is still in a growth mode.
- Have a marketing consultant develop a sales brochure in both print and digital versions that includes the firm's estimated revenue, a description of the client base, a description of the services provided and firm's reputation in the community, staff bios, growth potential and future benefits of ownership, owner financing, office location and any other selling points that promote the value and benefits of acquiring the practice.
- Target and promote the firm to prospective buyers via email and through LinkedIn, Twitter and other social media. This will enable the selling firm to reach as many prospective buyers as possible with the goal of maximizing the deal terms in favor of the selling



practitioner. Finding a buyer who will take the seller's existing resources and plug them into his or her firm to have a positive impact on the combined firms will potentially maximize the selling price. Advertise the firm for sale on the local state CPA society websites in the mergers and acquisition section and on sales exchange websites.

- The seller should communicate a clear picture of growth and opportunity, articulate underlying assumptions and value drivers, and outline how these opportunities will be captured. Significant issues, concerns, possible deal breakers and selling price multiples should be discussed early in the process to avoid problems later. 📌

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