

When to Sell Your Business

-Retirement Age-

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The wealth of many architectural and engineering firm owners is tied up in the investment of the firms that they own. Many owners are wondering how to recapture this investment as they approach the later stages of their career. Trapped equity or life savings invested in a business can be a problem when it comes to retire. Too many owners wait too late, are not prepared for the day when they need to cash out of their firms or don't understand the best way to do that. Some owners don't really know what their firms are worth and some owners diminish the value of their firm by not transitioning, selling or letting go at the right time.

Planning in advance for the sale of your firm is more important than ever, especially as you reach the later years of your career. The average transition period can sometimes take 3 to 5 years. This means that if you are 62 years old and want to realize the value of your firm, you need to begin the process of transitioning your firm now to be able to retire at 65. If you wait too long to begin the transition process then the decline of firm value has already started. Selling a business that you have built from the ground up is an emotional decision and must be treated with care just like all other major decisions in your life. Let's visit a few ground rules that help deal with that:

There are 5 rules to follow when selling your firm:

1. Focus on the future, not the past – continue business development and working on those things that continue to add value.
2. Develop a transition strategy – consult the experts and those that have done it.
3. Stay engaged in your business until the transition is complete – taking your eye off of the ball will decrease the value rapidly.
4. Know when to let go – consult with experts and advisors who are less emotional than you.
5. Watch the market not the calendar – Buyers appear at all times.

Mentors and advisors can provide you guidance as you approach retirement, but only you can make the final decision to sell; only you know when you are at that point and at the age of retirement. One size does not fit all. Each situation is different.

When the time comes to retire make sure you are doing it for the right reasons. Understand the process and time it takes and go in with your eyes wide open while continuing to grow and build the business you are about to sell.