

28 MISTAKES OWNERS MAKE WHEN THEY SELL NATURAL RESOURCE LICENSES

This guide is for business owners considering a sale of their business. It will help owners understand that selling a business is a complex and sophisticated process, one which requires an experienced professional company to expedite and simplify the process which will yield maximum sales price

- 1 Owners do not know how to properly value their business. The owners do not know pricing trends, market conditions and market movement and can overprice or underprice a business.
- 2 Owners do not know where to locate buyers. The owner can't or doesn't have access to pool of buyers. Knowing where and how to locate buyers is a skill that is developed over decades of experience.
- 3 Owners improperly prepares marketing material, which causes many potential buyers not to even look at the deal. Improperly or incomplete marketing material is seen as unprofessional and not serious.
- 4 Owners do not know how to assist buyer with due diligence. Due diligence is a critical part of the buying process and many deals fall apart at this point if a professional intermediary is not present to assist buyer and seller to get past due diligence and move the sale process to a closing.
- 5 Owner often chooses wrong attorney to handle the sale who will make major and critical mistakes. A wrong attorney or one who has knowledge in business sale transactions can often ruin the deal. A professional intermediary monitors the process and can see warning signs.
- 6 Owners are emotional and often the transaction will terminate due to lack of middle man as buffer. It's almost always in the interest of both buyer and seller to keep the two parties apart so that conflicts do not arise. A professional intermediary mediates conflicts and prevents them from arising.
- 7 Owner doesn't know where and how to expose the business to all potential buyers. Owner doesn't have the experience, database or knowledge to locate buyers. Marketing a business for sale is integral and owners will get frustrated at the marketing process, often giving up or lowering the price, when in most cases all that's needed is a correct marketing approach.
- 8 Owner is not experienced in contract negotiations and doesn't know what is standard and proper and what is not. A professional intermediary has seen, read and participated in hundreds of deals, more than most attorneys, and such intermediary will assist the seller before seller makes critical mistakes. Once a contract is signed, it's too late to change it.
- 9 Owner often is not prepared to handle buyers desire to renegotiate which happens in at least 80% of all transactions. The owner may get confused and upset when buyers renegotiate. A professional intermediary is prepared for buyers desire to renegotiate, warns in advance buyers not to do that and is prepared for such events including assembly of back-up buyers who will step in if original buyer backs-out.
- 10 Owner will often rely on employees or relatives who are not experienced. Such friends and relatives will provide inexperienced advice based on emotions or self interests.
- 11 Owner is not familiar with the entire transaction process and will often become agitated and frustrated and will confuse buyer in the process. A confused buyer will give up on the sale process. A professional intermediary moves the sale process along and pushes it when necessary.
- 12 Owner may say things to buyer without understanding the consequences of words and such statements may spell doom for the buyer and transaction. Saying incorrect things to buyer will kill the deal. A professional intermediary knows what to say and is a buffer in the communication process to filter out wrong statements.
- 13 Owner doesn't know how to handle deposits given by a buyer. Owner will not know what amount is reasonable and how to structure a contract in order to keep buyers feet to the ground. A well written contract and coordinated deposit will keep buyer engaged in the purchase process.
- 14 Owner is not prepared to negotiate with multiple buyers at same time. The owner often doesn't know how to juggle multiple buyers to get the price up. The buyers may sense dishonesty and walk away. There's generally a distrust between seller and buyer but an intermediary has the experience in negotiating with many buyers to filter out the best qualified buyer.
- 15 Owners need to listen to advice of professionals who have a pulse on the investment market. Owners hire professionals to listen to their professional opinion and advise. An owner will hire a dentist to fix his teeth and not a mechanic. A car mechanic only fixes cars, not teeth or electronics. Accordingly, a professional business broker has a good pulse on the investment market and investor sentiment. A professional will tell the owner the way things are and not what the owner wants to hear.

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- 16 Owner does not have access to other business brokers or M & A advisors. Only a professional intermediary has access to other business brokers and M & A firms. There are over 1,200 professional M & A firms in the world. Having access to them and to their network is critical since most business sales take place through a second M & A firm who has brought forward a buyer. More than 90% of deals in the world take place through other M & A firms who locate a buyer.
- 17 Owner is not prepared to assist buyer with obtaining new debt or partial new debt to structure the deal. Owners do not have access to banks or investors who can assist buyer with financing if needed. Also, owner often lacks skill to structure creative financing deals to complete the closing.
- 18 Business at certain level can only be presented by a broker and not by an owner. An owner trying to sell his own business will not be taken seriously. Most corporations and M & A firms will not take seriously an offer to purchase a business when it's offered by an owner. It's widely believed in the Western world that only a professional intermediary can offer a business for sale.
- 19 The owner does not have resources that a professional business brokerage firm does. The owner will not have on staff research or finance analysts, financiers, designers, business brokers, strategists, experienced attorneys or other staff necessary to complete the closing.
- 20 Owner tells everyone about his business for sale, thus many people are running around presenting the same business under different terms which creates the impression that the business is being prostituted which devalues it, confuses the market and degrades the business. There's no sense of exclusivity. Buyers want exclusivity when buying a business.
- 21 The owner doesn't know how to properly prepare a business for sale to achieve maximum value. Various things need to be done to a business in order to prepare it for sale. An experienced broker knows how to best position the business for sale.
- 22 Owner doesn't follow Code of Ethics which professional broker does which assures that highest integrity and professionalism is followed so that deal closes. Code of Ethics & Professional conduct is necessary in order to successfully sell a business at maximum price.
- 23 Owners do not know how to keep various information confidential and when to disclose only what is most important throughout the sale process. Owners not releasing information will be perceived as hiding or withholding information. When a buyer thinks an owner is withholding information then buyer will distrust the owner and walk away. An intermediary has control of the disclosure of information process and buyer knows that intermediary only discloses what is required and in steps and this is not perceived as suspicious to buyer.
- 24 Owners think that savings on brokerage fees will increase their proceeds from the sale. But various studies conducted show the opposite. The results of various studies prove that the mistakes that owner will make will cost much more than the perceived savings in brokerage commissions by a wide margin.
- 25 The business owner might think that nobody has his best interests in mind, but that is completely the opposite. A professional business broker has received extensive training over the years, is a member of various professional organizations, is certified or accredited in training, and has not only a reputation to consider but will only succeed as a professional if the business broker maintains strict loyalty to owner and to owners interests.
- 26 Most of the time the owner doesn't communicate in a foreign language of buyer. If the owner or owners staff does communicate in a foreign language, almost always it's with an accent and most people in the world do not like accents. There's an instant perceived distrust when a heavy accent is present in a conversation.
- 27 Background check of buyer and financial qualification is not made by the owner. The owner will not prequalify the buyer and will waste time working with unqualified buyers. Knowing how to prequalify a buyer is essential so as not to waste time.
- 28 Buyers do not want to work with an owner who doesn't have the business listed for sale with a professional intermediary because buyer doesn't want to spend money on resources when there's no exclusivity and other potential buyers are looking at the same business. Large companies will not spend money on due diligence when they don't have control of the buying process.