

Exit Strategies

Planning to Sell vs. Needing to Sell

©2009 by Daniel R. Siburg, CPA, CVA & Howard Fisher

Three elements affect an owner's ability to make an advantageous sale of a publishing company:

- * Time. How long can the seller take to prepare the company for sale and complete the sales transaction?
- * Pressure. What kind of pressure is the seller under to complete a sales transaction?
- * Money. Why and how quickly does the seller need the money from the sales transaction?

Sellers who are planning to sell their companies generally have all three elements in their favor. They can take as much time as necessary to prepare the company properly for sale because they are not under pressure to sell it, and they probably do not need the money from the sale for their businesses.

On the other hand, all three elements work against sellers who have not anticipated a need to sell their companies. Publishers who find themselves impelled to sell do not have enough time to prepare their companies for sale and are usually under tremendous pressure because they need the proceeds to pay off business debts and stop negative cash flow.

Reasons for Planning to Sell

Owners of publishing companies often plan to sell their business to redeploy personal financial holdings. When a majority of an owner's net worth is tied up in a publishing company, the owner may want to diversity the wealth and risk concentration in the business by selling it.

The impetus may be a life event, a change in priorities that favors family, a new business or hobby outside of publishing that requires financial support, or the death of a business partner.

But no matter what the reasons are for planning to sell, when a publisher has the time to prepare correctly, the business will be more financially viable in the future. As a result, the publisher generally gets greater value for it.

Reasons for Needing to Sell

Owners of publishing companies who need to sell have probably not been planning to sell and can be motivated by a variety of business situations. Perhaps the publishing house is unprofitable and losing money and the owner is trying to avoid bankruptcy by selling. Perhaps the business has lost a major customer; if sales volume has declined significantly for that reason or any other, the company may have limited access to cash to support new and ongoing operating capital requirements. Other reasons for the need to sell could be personal – and owner’s major health problem or divorce, for instance.

Whatever the reasons, publishers who do not have the time to prepare correctly for the sale of their companies generally get less value for them – and considerably less value when the future financial viability of the company is questionable.

The Readiness Strategy

Whether you are carefully planning to sell your company, cheerfully sure you’ll never want to sell it, or somewhere in between, you will enhance the company’s value if you make it ready for sale at all times. This is just good business sense, because it means operating the company efficiently and ensuring that all financial information is accurate.

The next article in this series will cover ways to prepare a publishing company for sale; later articles will explain how to create more worth in your company, how to value the company, and how to handle the sales process.

Daniel R. Siburg, CPA *Managing Director*

Dan is the Managing Director of The Siburg Company, LLC and has experience as both a President and Chief Financial Officer. He provides mergers and acquisitions services to clients. The Siburg Company, LLC helped companies to improve operational functions and organization to manage costs and increase revenue streams, while implementing strategic policies and procedures that focus companies on profitability. He is a CVA (certified valuation analyst) as well as a CPA.

Howard W. Fisher *Associate*

Howard has had success operating four publishing companies. He has founded, built and sold two successful trade book publishing companies, one to a major newspaper chain and one to a major New York publisher. Howard now is a consultant for The Siburg Company, LLC in the areas of business development and mergers and acquisitions.

We invite you to contact us.

The Siburg Company, LLC
6347 E. Windstone Trail
Cave Creek, AZ 85331
Phone 480.502.2800
Fax 480.502.2804
www.TheSiburgCompany.com