

# Finding the Perfect Time

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when should you sell your business?  
your decision should incorporate more  
than your personal preferences



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Have you thought about when you want to sell your business? If you have and your answer is a personal milestone, such as your 65th birthday or the day you make the final payment for your kid's college tuition, then you might want to reconsider. The reason? Selling your business requires someone else to buy it—preferably at a decent price. And a potential buyer's level of interest often has more to do with external factors than it does your personal circumstances. So rather than asking when is the right time to sell, perhaps the better question is this: When is the right time for someone else to buy?

### Keep your timing open

Selling your business when you're ready to do so is of course an important part of your plan. But there are benefits to being flexible about your timing. A willingness to sell earlier—or later—than originally planned may mean selling when market demand is higher or when a strong economic climate might boost the value of your business.

Consider that the price you get for the business you've built depends in part on your industry's overall growth rate. That growth rate will rise and fall depending on market cycles. If you put your company on the market during a time of rapid growth and innovation in your industry, buyers will likely pay more for a chance to participate in that growth. If you try to sell during a downturn, however, buyers are more likely to price your company at a discount.

What's more, interest rates and the general availability of loans may influence the price buyers are willing to pay. If you time your sale during a period of low rates and easier lending, buyers may have more access to private capital, and may be able to offer a higher price for your business.

### Be proactive

Factors such as interest rates and market cycles may strike you as too complex and unfamiliar to incorporate into your selling plans. To better develop your understanding of their impacts, be proactive in your long-term



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planning. Set aside time to regularly review and update your transition plan based on these changing external factors. Doing so will give you the chance to better understand these issues and how they might affect a potential sale going forward. Then consider that information as you weigh when to sell. This strategy may help you put your company on the market at a time that works well for both you and the market—even if that means selling while your youngest child is still in college or waiting a few years past retirement age.

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