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## **Baby Boomer Transitions – Selling Your Business**

As a baby boomer, you may be at the point that you are considering the next phase of your life. The media repeatedly reports that baby boomers are redefining aging and retirement. That's not surprising, as they have redefined virtually every stage and aspect of American life throughout the years. Although swimming in uncharted waters can be a frightening thought, the prospect of starting a new chapter of our lives, with new opportunities and challenges, can be tremendously exciting.

Segueing from where you are now to where you want to be takes significant thought and planning. That may involve transitioning your business, the culmination of years of hard work and sacrifice, to your children, your management team or a third party.

In transitioning your business, your key goals may be:

- To transition your business to a person or group of people who would foster the continued success of your business or
- To maximize the consideration that you receive (and, through wise legal and tax planning, are able to retain) or
- A combination of those two goals

However, your goals may differ. It is important to carefully consider what your goals are.

Transitioning your business to your children is typically effectuated over a longer period of time and may not require the extent of pre-transaction work that a third-party transaction would entail.

If transitioning your business to your children is not your game plan, it's important to take the strategic steps, well in advance of sale, to prepare your business for the sale and to maximize its value. Optimally, you should identify problem areas and implement changes that will gradually and positively impact your business over the next three to five years. Not only will the increased revenue and profit generate a higher value for your business, but the value and marketability will be enhanced by the positive, sustainable trend over the last three to five years.

Even taking some simple financial and operational steps may enhance your credibility, facilitate a sale and increase the value of your business. Some steps to consider include:

- Practice good stewardship. Clean up your financial books and records.
- Change your mindset. As a small business owner focusing on continuing operations, your mindset may be to decrease profit, thereby decreasing taxes. In preparation for selling your business, your mindset should be to increase revenue and profit, as the purchase price is typically a multiple of revenue or profit.

- Develop your brand through marketing and an effective, optimized web presence.
- Refine and institutionalize your business methods and systems. If you are the only one who knows how to run your business and has the relationship with your customers and vendors, it will be difficult to transition your business to a buyer.
- Negotiate and document the terms of your arrangements with key vendors and suppliers.
- Protect key trademarks, domain names and other intellectual property.

Now is a good time to consider the next phase of your life, including the various options for segueing from owning and operating your business to whatever that next phase may be. With creative thought and timely, effective planning, you can implement now the steps necessary to maximize your business's value and facilitate the transition process. The best is yet to come!

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