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How Do You Know When It's The Right Time To Sell Your Company?



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It's often said it's the things in life you *didn't* do that in the end you wind up regretting most. That point of view tends to hold true in

the world of mergers and acquisitions, where fear and hesitation to sell your company or seek an outside investor for growth causes missed opportunities—and regrets.

Throughout my career working with numerous companies at various stages of their life spans, I've never once had a client regret selling or bringing in an investment partner. Conversely, I know plenty of founders and company executives who have regretted holding off on making those moves, and many more who lamented not hiring an advisor to guide them on the process.

The bottom line is that selling your company to the right buyer/investor/partner at the right time offers opportunities for new beginnings. When it comes to the selling process—whether moving on to other ventures, slowing down for retirement or other reasons—timing is everything.

As someone who has led many sell-side M&A transactions, there are several factors to evaluate to ensure the timing is ideal, increasing the potential to get the best deal in terms of structure, valuation and the future of the company you've worked so hard to build.

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'High Potential'—A Strong Selling Point

It's important to take into account the potential risks and uncertainties associated with running a company over an extended

period. Factors such as increased competition, regulatory changes, economic fluctuations and technological advancements can significantly impact the future prospects of a business. By selling, companies will mitigate these risks and attain liquidity, allowing them to diversify their assets or pursue new ventures.

One of the best times to sell is when your company is thriving. Investors will see a growing company as a high-potential opportunity, and this will help boost your valuation and your overall deal.

With private equity firms being more selective than ever, stable businesses with a strong track record, reliable profitability, low debt and a proven competitive edge will come out on top. Factors such as your company's resiliency, customer loyalty and capital expenditures contribute toward your valuation, and you'll likely get the best deal when these are all in top shape.

Favorable Market, High Demand

Clearly, companies should seek to capitalize on favorable market conditions to ensure they secure maximum value for their business.

Market conditions, industry trends and competitive forces can swiftly change, potentially affecting the value and attractiveness of a company. If your company is facing challenges that are expected to persist or increase, you'll want to sell and move on before your valuation declines further.

In an uncertain economy, you may be unsure if selling is the right way to go. Consider narrowing your focus to your specific industry. If your products and services are in high demand, it will make it easier to find investors and achieve a higher valuation.

Post-Transaction Growth

Taking on an investor allows the company to make further investments in growth. Companies tend to grow faster after a transaction, in my experience. If you feel new insights and expertise could take your company to the next level, you may want to hand it off and watch it soar. Taking on an investor allows your company to use those funds toward more growth, and many companies grow like never before after selling.

Post-transaction growth is not a miracle. After all, it's only logical that when a company undergoes a sale or secures the backing of private equity, it gains access to a broader pool of resources, strategic guidance and operational expertise. These catalysts, along with the infusion of capital, allow the company to invest in research and development, expand into new markets, enhance operational efficiencies and sometimes execute strategic acquisitions. This ultimately fosters an environment conducive to accelerated growth, which helps propel the company to new heights and unlock its untapped potential.

Personal Considerations

When contemplating the optimal time to sell your company, evaluating where you stand and your personal goals for the next few years can help you decide whether to stick around or take a step back from your company. If you're looking to retire, focus on your health or spend more time with your family, the timing may be right.

Along with scrutinizing your company's revenue growth, profitability and market trends, you should also carefully weigh personal aspirations, lifestyle preferences and long-term goals. Take some time to reflect upon your passion for the business, the

level of involvement desired and potential alternative ventures. Striking the optimal balance between financial opportunity and personal fulfillment is vital in determining the ideal timing to sell your company.

A Buyer With The Right Synergies

In addition to the right timing, selling is also about finding the right person to take over your company. Having a trusted advisor can help ensure both. A good investment bank with experience in specific industries can leverage its extensive network and industry expertise to identify potential acquirers who can bring synergies, expertise and growth opportunities to the table.

Once you make the decision to sell, finding the right partner will ultimately allow you to sell your company efficiently and confidently. Choosing an investment bank and advisor with your best interests in mind helps provide peace of mind when it's time to walk away.

You've contributed plenty of hard work and dedication to building your business, so you'll want to make sure that you and your trusted advisors sell it with just as much care and commitment. Ultimately, their goal is to maximize value, mitigate risks and seize favorable market conditions to achieve optimal outcomes for all involved.

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