

**SETTING STRATEGY:** How to find a buyer

## WHEN IT'S THE TIME TO SELL

**Preparation and a good presentation can smooth the way, along with hiring the right "dream team."**

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Special to The Star

**A**fter 37 years in the family business, Jerry McCaslin wanted to free himself from the day-to-day stress of running a company.

So he got an independent business valuation, contacted a broker, and 18 months after initiating the process sold Liberty-based **Douglas Products and Packaging**, which sells chemicals to niche market segments.

"Working for the company wasn't quite as much fun as it was 20 years ago," said McCaslin, 61, who remains president and managing director of the company's agriculture division. The selling process "was time-consuming, naturally, but I was kind of surprised that there are quite a few buyers out there."

Preparation and a good presentation can smooth the way in selling a business.

"It's a real active market right now," said Tim Skarda, president of Leawood-based **Allied Business Group**, a mergers and acquisitions and business valuation firm that matches buyers and sellers.

"We are in the middle of a perfect storm."

Skarda, who worked with McCaslin to sell Douglas, said that as entrepreneurs from the baby-boomer generation near retirement, many want to sell their businesses.

Also, he said, a growing number of high net worth individuals are ready to buy, along with private equity groups and corporations. Finally, lenders and banks are aggressively seeking viable investments.

The first step in selling a business is planning, and that comes well before the seller goes to the market.

This involves talking to accountants, investment advisers, attorneys and brokers, what Skarda dubs the "dream team."

The second step is going to the market



Jerry McCaslin, 61, sold Douglas Products and Packaging in Liberty, but he continues to serve as president of the company and is managing director of one of its divisions.

and meeting with prospective buyers. This "dating phase" can take anywhere from two to eight months, Skarda said.

McCaslin's biggest challenge was gathering information, from accounting to sales revenues to customer data.

Skarda said it is important to keep finances and accounting books clean and updated during the life of the business so there is less work involved when the firm is ready to be sold.

"Sometimes business owners have an unrealistic expectation of what their business is worth," Skarda said.

"The more planning and preparation people can do – ideally it starts two or three years in advance – the more informed they can become and the more likely they will be able to reach their goals."

McCaslin also placed a high priority on getting to know everyone who was involved in the process – his accountant, attorney and the broker. Interview everyone like a potential employee, he said.

Mark Palmer, who sold Pleasant Valley-based **Palmer Electric** in 2006 after founding and running the business for 16 years, said he learned that lesson after his attorney "almost blew the deal up."

For Palmer, honesty and trust were key

factors, whether it was with people involved in the selling process or the buyer.

Most important, Palmer said, sellers must look at the business from a buyer's perspective, and consider what someone buying their company would want.

"When you take a car and sell it, you want your car cleaned up," he said. "It's the same with selling a business; things should be tidied and cleaned up, the slicker and nicer everything is, the better the presentation is going to be."

Palmer viewed his company as a product he worked on rather than just working in it, and that strategy is what he credits for his company's rapid sale.

He did not think there was a high possibility of selling the firm when he first contemplated the idea, but he was surprised by the response.

"A lot of people don't even care what kind of business it is as long as it's well-run," he added.

Palmer and McCaslin said that selling a business is nerve-racking, but that planning can help ease the hurdles.

"If you don't think your business is worth anything, you could be surprised," Palmer said. "There are a lot of people out there looking for a business."