

# WHY YOU SHOULD NOT SELL YOUR BUSINESS

By: Ryan Addis March 17, 2006

Small business faces a unique situation when it comes time to leave the business. Typically small businesses are sold because of retirement, illness, or sheer frustration. Owners are looking to cash-out and leave the liabilities and day-to-day management behind them. These companies also are usually too small to have a top tier management team that can carry on the business in the absence of the founder/owner. So, it's common that small business owners sell to a relative or contract a business broker to list the business. But, are these the only options?

For any seller looking to leave their liabilities behind, they may want to reconsider selling to a friend or relative. When we consider that business sales are potentially one of the most litigious transactions known, why would we risk subjecting ourselves to potentially hurting our relationships? So long as a friend or relative is involved in an owner's former business, they have a huge relationship liability.

So how about using a broker to sell the business? While some brokers are getting more sophisticated, a large number of these brokers are more familiar with residential real-estate sales. This lack of training and sophistication in the industry can lead to poor valuations and more legal woes. It's also common for the seller to offer financing to the buyer which leaves some financial liability with the seller without giving them any control. Taking this route, a seller can often expect a low sales price of between two to four times discretionary earnings. Another way to look at it is that the owner will get their pay for another two to four years less a hefty 10% sales commission to the broker. This begs the question; "Is there an alternative"?

A new business called Part-TimeCEO.com has provided an alternative for small business owners by providing the benefits of a big business; a professional management team and access to capital. By hiring an experienced management team on a fractional basis, small business owners can confidently turn over the reigns of their organizations and collect passive income for years to come, rather than just two to four years. This annuity stream is particularly important to retirees facing a continuously increasing cost of living and a longer life expectancy. Part-TimeCEO.com customizes solutions based on the business' size and potential for growth. The contracted management still gives ultimate control to the business owner and since there is no transaction, there can be no litigation regarding representations and warranties of a sale. Part-TimeCEO.com will not only manage the business, but will work to grow it, thus giving owners the opportunity to participate in an annuity stream with upside potential. Packages generally have a retainer element and profit participation element that align the management team's incentives with the owner's needs. For more information please visit [www.Part-TimeCEO.com](http://www.Part-TimeCEO.com) and get the most value out of your business today.