

The New York Times

You're the Boss

The Art of Running a Small Business



September 14, 2010, 7:00 am

Dealing With Emotions When Closing the Deal

By [BARBARA TAYLOR](#)

My partner, Chris, got a phone call recently from one of our clients who wanted to take his [business](#) off the market. “Why,” I asked, more than a little surprised? The business had been growing rapidly, despite the lackluster economy, and had quickly caught the eye of several private equity groups — one of which we had already had an encouraging conversation with.

“He said it was just too stressful,” Chris replied.

Part of me wanted to laugh — not to discount the seller’s feelings but because he had embarked on what could be considered a marathon of stress, and he had only completed about a mile and a half.

It’s tempting to assume that you will be able to keep your emotions in check while [selling](#) your business, just as with any transaction. But the sale of a business is often accompanied by lots of other issues and changes: health problems, divorce, a forced relocation, [financial troubles](#). Even the best-case scenario — you’ve built a fabulous business over the years, and now it’s time to cash in — can bring a deep sense of loss.

“For many sellers, all they know is their business,” said [Jack Garson](#), author of “[How to Build a Business and Sell it for Millions](#).” “These sellers have spent many years, sometimes decades, building their business. While it may not be a big part of their conscious thinking, they fear they will be utterly lost and worthless without their business.”

In addition to fear of the unknown, sellers often fear and mistrust potential buyers. Mr. Garson described tactics that some buyers use to wear down the seller and sway deal terms in their favor. Many involve delaying the deal in some way, and most result in the seller losing faith in the

buyer. “[Sellers](#) often get frustrated, angry and impatient,” said Mr. Garson, an attorney. “Some take a lower price, and some simply walk away.”

Anger and defensiveness often creep in as a deal progresses. Buyers — some of whom have little in the way of sensitivity — begin to criticize how the business has been run, and they question each and every variation in the financials. While these comments and questions may be justified, they can have a cumulative effect on the seller.

“Some buyers are like bulls in a china shop, crashing around the seller’s business,” Mr. Garson said. “Others use their criticisms like a club, trying to beat down the selling price.” Mr. Garson described one case where a prospective buyer sent a due diligence team to review the business’s records. The buyer’s team was so offensive that the seller killed the deal before the parties ever talked terms.

So, how can you head off some of the emotional pitfalls before they get in the way of a deal?

“First, get [advice](#) about what it’s like to sell a business,” Mr. Garson recommended. This blog is daily proof that business owners are more than happy to share their wisdom with others. Advisers like an accountant or an attorney can also help you anticipate some of the bumps and red flags.

One of the cardinal rules of business is to be proactive not reactive, and the process of selling is no different. “Most folks only sell a business once, and therefore they don’t get to practice,” Mr. Garson explained. “It’s not like running your business, where you are constantly given the opportunity to learn from your failures. When you make a big mistake in the sale of your business, you often pay a permanent price.”

Second, concentrate on running your business. “Keep running your business as if you’re never going to sell it, right up to the day of the sale,” Mr. Garson advised. “You don’t want to count on the sale until you know it’s a sure thing. If you prematurely believe you have sold your business, you are not only setting yourself up for emotional turmoil at every twist and turn of the deal, you also leave yourself vulnerable to a buyer’s attempts to renegotiate the deal. A cunning buyer reads your dependency on the sale, and takes advantage of it.”

Lastly, remember that selling your business is business. “While it may be the most important deal in the history of your company,” said Mr. Garson, “it is another business deal.” He suggested finding healthy ways to let off steam — talk to mentors and friends, exercise, go to the movies — rather than directing emotions at employees, advisers or the buyer.

“Selling your business can be hard,” Mr. Garson wrote in his book. “But it’s not hard to sell a good business.”

Barbara Taylor is co-owner of a business brokerage, [Synergy Business Services](#), in Bentonville, Ark. Here is her [guide](#) to selling a business.