

Selling Your Business? Why the Right Advisors Can Make All the Difference

Professionals with relevant skills and knowledge are crucial for every stage of your business transition



Key takeaways

- Well before it's time to sell your business, having the right team on hand to execute the transaction is key
- Legal, accounting, and investment banking advisors each play distinct and important roles in helping to make the transition a success

For many entrepreneurs, selling their business is uncharted territory, so being properly prepared is vital. Not surprisingly, engaging the right team of experienced advisors with relevant skills and knowledge—professionals who are very familiar with each stage of the transition—takes on paramount importance. Here are the key players to have on hand:

Legal counsel. A business sale typically requires an extensive array of legal documents, so owners frequently believe that their longtime attorneys should lead this charge. To be clear, intimate knowledge of a company usually makes the incumbent attorney invaluable, but mere tenure should not be the principal reason for putting them in charge of transaction documentation. Depending on the size and type of business, a transaction can require a broad range of legal expertise with corporate law, securities law, tax law, environmental law, and intellectual property law being regular examples. Understanding the potentially diverse legal needs and ensuring that counsel has the resident expertise to address each of them is the first step toward building a team to navigate all legal aspects of the sale process.

Accounting advice. As with long-serving attorneys, business owners trust the accounting professionals who prepare their financial statements and advise on tax strategy. This trust is well-earned over years of providing sound advice in a normal operational framework. When a business owner contemplates a transition, the accounting and tax needs shift to a transactional basis. Both contexts are important. The company's longstanding accounting records are bedrock. Positioning that information for and advising on a transaction rest on that foundation. Perceptive owners can appreciate that difference and involve transaction-oriented accounting and tax expertise to complement the historical accounting work.

Investment banker. Virtually every business owner—and particularly a first-time seller—is typically well-served to retain an investment banker to manage the sale process. It is a labor-intensive journey with its own set of customs and practices. Because these processes generally follow a highly consistent path, an advisor’s proven execution ability can often be the defining factor in a successful deal. With innumerable, well-qualified investment bankers serving all levels of the market, selecting the right advisor can be daunting. To ensure a good fit, it’s wise to interview a few candidates. Understanding their industry knowledge, years of experience, firm resources, and typical transaction types and sizes provides a good barometer of how they’ll perform in a particular business transition.

Building the right transaction team is a thoughtful process aimed at maximizing the likelihood of transaction success. It’s best done intentionally with clear goals, rather than reactively when a transaction opportunity happens to arise. Like any team, it’s sensible to consider several players at each position before establishing the starting lineup. In what is frequently a once-in-a-lifetime transaction with their most valuable asset, wise business owners take a clear-minded approach to recruiting—and paying for—the right talent to enhance their chances of success. They view talent as an investment, not an expense.

This article is for informational purposes only and is not intended as an offer or solicitation for the sale of any financial product or service. It is not designed or intended to provide financial, tax, legal, investment, accounting, or other professional advice since such advice always requires consideration of individual circumstances. If professional advice is needed, the services of a professional advisor should be sought.

Note that tax, estate planning, and financial strategies require consideration for suitability of the individual, business, or investor, and there is no assurance that any strategy will be successful.

Wilmington Trust is not authorized to and does not provide legal or tax advice. Our advice and recommendations provided to you are illustrative only and subject to the opinions and advice of your own attorney, tax advisor, or other professional advisor.

Wilmington Trust is a registered service mark used in connection with various fiduciary and non-fiduciary services offered by certain subsidiaries of M&T Bank Corporation including, but not limited to, Manufacturers & Traders Trust Company (M&T Bank), Wilmington Trust Company (WTC) operating in Delaware only, Wilmington Trust, N.A. (WTNA), Wilmington Trust Investment Advisors, Inc. (WTIA), Wilmington Funds Management Corporation (WFMC), Wilmington Trust Asset Management, LLC (WTAM), and Wilmington Trust Investment Management, LLC (WTIM). Such services include trustee, custodial, agency, investment management, and other services. International corporate and institutional services are offered through M&T Bank Corporation’s international subsidiaries. Loans, credit cards, retail and business deposits, and other business and personal banking services and products are offered by M&T Bank, Member FDIC.

Investment Products: Are NOT FDIC Insured | Have NO Bank Guarantee | May Lose Value