

Stu's View

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Preparing to Sell Your Printing Company

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We have long advocated that a printing company sale should always begin with a consideration of the owner(s)' objectives. As a selling owner, you should first ask yourself two questions:

- *“What am I going to do once I sell my company?”*
- *“Is the money I expect to receive post-closing enough to support those plans?”*

Only when you have clear answers to these two questions should you proceed with your business sale. If you don't yet know what you want to do post-closing, or if the money is not going to be there to support your plans, consider revising your selling timeline. With the answer to these questions (and others) you'll be able to keep your emotions under control and accomplish what you set up to do.

Once you are ready to enter the market, remember the old adage, “Timing is everything.” Carefully consider these factors in planning and establishing your sale timeline:

- Plan to sell your business when it is stable or improving. Because it appears least risky to buyers it has more value or at least easier to sell.
- Time your sale for right in the middle of your investment cycle, showing profit from that investment to maximize your appeal to buyers. Remember that a big technology or production investment immediately decreases the value of your business because your assets have increased, and you have yet to see positive results from that investment.
- Keep the news about your business sale confidential until you have successfully concluded discussions with your compatible buyer. This will preserve your company's strongest bargaining position, alleviate unnecessary stress among your staff, and help prevent competitors from enticing clients away with unfounded worries over changes that will happen with your business sale.
- Develop a thorough communication plan for customers, suppliers and employees (and sales people in particular), to be implemented immediately after the deal is finalized, to ensure a smooth transition.
- Allow sufficient time to thoroughly educate yourself on the total business sale process, on potential buyers, on the market, on what your business is truly worth -- all the while keeping your business running profitably so it is at its most attractive when the final deal is struck. The sale process can take a year to complete, and deals are sometimes structured to require ongoing owner involvement for an even longer period as part of the transitional process. Be prepared for this heavy – and critical – time commitment.
- Be realistic. If you do not have sufficient time (or knowledge) available to manage the process yourself, consider engaging an industry-knowledgeable third party consultant. A

merger & acquisition consultant can confidentially contact potential buyers and keep the sometimes volatile negotiation process moving forward. Legal advisors and accountants can also lend their specialized knowledge perspectives. Of course, it will still be up to you, the owner, to sort through the experts' advice to find the best course of action for your particular situation.

Selling your company takes forethought, confidentiality, commitment and flexibility – but it is well worth the effort when a successful business sale supports your post-sale objectives.

Stu's View is contributed by Stuart Margolis, CPA and Partner of MargolisBecker LLC to provide information that helps firms operate profitably. More information can be found at www.margolisbecker.com.

About MargolisBecker

MargolisBecker has long been recognized as the financial expert for the printing and allied graphic communications industry, assisting thousands of companies with strategic and financial management, valuation, mergers/acquisitions, accounting, audit and tax services. The firm is noted for its expertise in enabling printing companies to optimize profits. Proudly, it is the purveyor of the industry's *Cash is King*, and *Value-Added Principles of Management*, and compiles the annual Printing Industries of America Ratios, the industry's premier financial benchmarking tool.

About New Direction Partners

The team at New Direction Partners LLC has guided over 200 printing company owners through the sales and merger process. The advisory services reflect a full set of skills to help you sell or expand your business: valuation, management consulting, financial advisory and investment banking. The deep experience and industry expertise at New Direction makes it uniquely suited to serve printing, packaging and allied graphic arts businesses.