



## 6 Considerations for Women Planning to Sell Their Business



With more roadblocks to overcome while building their own business — including gender bias<sup>1</sup>, less access to financial capital<sup>2</sup> and fewer economic resources in their networks<sup>3</sup> — women entrepreneurs have little time to consider the possibility of one day selling the business they've worked so hard to create.

Whether you want to realign your work-life balance, retire or seize the opportunity to cash out when economic conditions are favorable in your industry, it's never too early to prepare a possible exit strategy from your business. Nearly half of business owners have no such strategy in place, according to a report by UBS.<sup>4</sup>

While it may not be part of your immediate plans, experts recommend meeting with advisors a minimum of three to five years before you want to even consider selling. Don't hesitate to start the conversation even if you're not quite ready to make a move — if people don't want to take the time to talk about your options now with no obligations, they're probably not the ones you'll want by your side through what is often a highly emotional process.

Here are some factors to consider:

### 01 | Know what you want out of a sale.

Do you want to maintain a leadership role in the company you founded, or make a clean break and ride off into the sunset? Do you want to keep the business in the family? Continue its legacy as a woman-owned business? Do you want the option to take back your company name from the buyer? Deciding what's most important to you and establishing clear goals are the first steps to planning a successful sale.

### 02 | Choose the right team.

Longstanding professional relationships are valuable, but it may be in your best interest to upgrade from your regular banker, attorney, accountant, financial planner and even your company's CFO when it's time to deal with a sale. You want a team of specialists who not only have experience selling companies, but also bring a solid understanding of the size and sector of your business, how the intricacies of your business apply to your valuation, and how to manage a potential windfall of cash. And teamwork matters — nip in the bud any personalities that don't jell to avoid unnecessary stress.

### 03 | Find the right match.

Having the right banker on your team will help you connect with the right types of buyers. It may make sense to narrow your search to firms with a particular focus on acquiring companies with female founders. If you want to sell only a minority interest, a private equity firm that will buy, build up and resell the company in a specific time frame may be the way to go. In recent years, special purpose acquisition companies (SPACs) have increasingly been seeking companies to acquire,<sup>5</sup> so research their pros and cons if you want to take your company public without going through an IPO on your own.<sup>6</sup>

### 04 | Know your weaknesses.

You don't want your company's flaws to be noticed for the first time when potential buyers are doing their due diligence. It's worth the investment to do a practice run — have experts in mergers and acquisitions comb through your entire company to identify any problems in advance, and then put in the work to fix them. Above all, buyers want to see consistent and reliable revenue and growth, so if some products or areas of your business are weighing you down, it may be time to make a change.

### 05 | Communication is key.

You may have certain methods that work in-house, but when it comes time to present your company to a buyer, it has to be in a format an outsider can understand. Clearly and effectively communicating your financials, customer acquisition data, cost of goods and all the unique details that make your business special can make a big difference in the valuation of your company. It may take fresh eyes to see the bigger picture, so consider bringing on a consultant to get yourself "seller ready."

### 06 | It's going to get emotional.

For most founders, their business is part of their identity, and the psychological aspect of letting it go is one of the hardest parts. Adrenaline may power you through the sale, but you may have mixed emotions once the reality sets in that you're no longer in control of the brand you created or leading the employees you hired. If your advisors don't understand that it's more than just a business transaction for you, find a better fit.

**Choosing if, when and how to sell the company you created can be one of the most challenging decisions a founder has to make. But you don't have to do it alone. Tap your network to find other women who've been through the process to talk to for support, and contact your financial advisor if you'd like to start a conversation about your options.**



## DISCLOSURES

<sup>1</sup> Simões, António. “Backing Women in Business.” HSBC Private Banking, October 1, 2019. <https://www.hsbc.com/insight/topics/backing-women-in-business>. Accessed February 3, 2022.

<sup>2</sup> “Understanding the Landscape: Access to Capital for Women Entrepreneurs.” National Women’s Business Council, March 1, 2018. [https://cdn.www.nwbc.gov/wp-content/uploads/2018/03/28215658/NWBC-Report\\_Understanding-the-Landscape-Access-to-Capital-for-Women-Entrepreneurs.pdf](https://cdn.www.nwbc.gov/wp-content/uploads/2018/03/28215658/NWBC-Report_Understanding-the-Landscape-Access-to-Capital-for-Women-Entrepreneurs.pdf).

<sup>3</sup> *Ibid.*

<sup>4</sup> “Who’s the Boss?” UBS Investor Watch, February 8, 2018. <https://www.ubs.com/us/en/investor-watch/who-is-the-boss>. Accessed February 3, 2022.

<sup>5</sup> “SPAC IPO: Background and Policy Issues.” Congressional Research Service, April 5, 2021. <https://crsreports.congress.gov/product/pdf/IF/IF11655>.

<sup>6</sup> “What to Know Before Selling Your Business to a SPAC.” Bloomberg Law, April 30, 2021. <https://news.bloomberglaw.com/securities-law/what-to-know-before-selling-your-business-to-a-spac>. Accessed February 3, 2022.

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