

# 4 Common Concerns When Selling a Business

By **Kari Lukovics** (<http://www.axial.net/author/karilukovics/>), *Axial*  
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Selling a business is a complicated process, and it's natural to have some worries as you begin. While no deal is a sure thing, working with an industry-specific advisor with deep domain knowledge can help increase the likelihood it closes.

We talked to Mike Moran of **American Healthcare Capital** (<https://network.axial.net/a/company/american-healthcare-capital/>), a healthcare-focused M&A advisory firm, about a few common uncertainties he sees among first-time sellers, and how a specialist advisor can help.



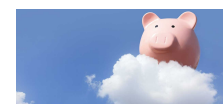
Mike Moran, American  
Healthcare Capital

## “The deal will distract me from my real job.”

This fear is well-founded: Selling a business is a lot of work, but it's crucial that owners don't take their eye off the ball. A distracted owner can lead to subpar business performance and ultimately a lower valuation.

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High-quality advisors know that the 6-12 month process of selling a business can be overwhelming. They make it their job to provide owners with the guidance they need, even after hours.

“We work with healthcare businesses,” says Moran, many of whom keep doctors’ hours. “It’s only right for us to work around the clock too,” says Moran. “Being available for both buyer and seller is imperative and a key factor to managing a successful process. No time of day is off limits when I engage a client. I also try and manage the process in a way that allows my clients the ability to maintain the status quo of their day while I’m in the background pushing the deal forward. Maintaining confidentiality through all this and ensuring it’s never compromised is also crucial.”

## “My financials are a mess.”

“Messy finances aren’t the end of the world,” says Moran. “We’re used to working with a company’s CFO, accountants, and auditors to make sure we have an accurate view of the business before entering it into the marketplace.”

It’s important that seller and intermediary talk about the company’s performance and valuation expectations early and often. “We want our clients to have a very clear expectation on the financial health of the business prior to the process starting. Achieving that price is often based on how well we can present a clear picture of a cash flow. Most of our clients run expenses through their company that have no bearing on the operation, and it’s crucial to get an understanding and present a clear but highly confidential picture of what those are.”

While tightening your finance practices in advance of a sale can help save time, your advisor can help make sure your books are sound before approaching buyers.

## “That valuation number is lower than I expected.”

“The market often dictates the sale price,” says Moran. “As

specialists, we have deep understanding of the healthcare market and can help ensure that our clients get a favorable valuation.”

Healthcare companies are very complex and it’s up to the advisor to have each deal stand out without any misrepresentations. “For example, the Wound Care segment has recently become a very active market and one where we’ve been able to drive multipliers beyond that of your more mainstream healthcare segments. In our world, businesses typically sell for 3x-6x adjusted EBITDA minus a select few segments and specific states that are highly coveted,” says Moran.

Despite having a general range of what companies sell for, a great M&A advisor must have the skill set to communicate and negotiate with powerful buyers. “We take pride in creating a market capitalization that drives valuations up and going toe to toe with some of the smartest healthcare strategic companies and PEGs,” says Moran.

As an owner, expect to work together with your advisor to compile a blind executive summary or teaser for the deal, including both hard and soft value-adds. The way in which you communicate these value drivers to potential buyers can have a real impact on price and terms.

## “I don’t know what I’m doing.”

As a business owner, you are not expected to know how to navigate the intricacies of a sale. “Providing a sense of comfort and ensuring the deal is evolving is a big part of my daily interaction with clients,” says Moran. “The ebbs and flows of a deal can create a large amount of anxiety and uncertainty for all those involved. Each deal uncovers its own unique challenges, and part of being a great intermediary involves being proactive and effectively navigating through road blocks in a timely manner. Losing momentum for any period can often be a deal spoiler.”

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*By Karen Sibayan | January 13, 2016* 



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During negotiations in an M&A deal, buyers and sellers look closely at several factors in order to agree on a price that properly captures a company's value. One of the closely examined metrics in this process is EBITDA, which stands for earnings before interest, taxes, depreciation, and amortization. EBITDA is used as a way...

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