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Selling your Business is not like Selling your House

1. There is more at risk in the sale of your business because it is worth substantially more than your house. A failed process can seriously damage the company—lost employees, lost profits, lost customers, etc.

2. Your house is a static asset. Your business is a dynamic asset that is continually changing. This dynamic nature can cause the attractiveness of the business to increase or decrease during the sale process.

3. Preparing your house for sale can be done in relatively short order. Preparing your business may take years of planning.

4. The due diligence on your house can be done quickly by an inspector. The diligence on your business will take months and would be comparable to taking your house apart piece by piece to make sure the engineering and construction are sound.

5. Your house has a relatively identifiable and objective value determined by looking at very comps for similar houses in the neighborhood. The value of a business is much more subjective and is determined by reviewing historical and projected cash flows and financial statements, potential synergies and transaction and public market comparables.

6. You put an asking price on your house. You should not do so with your business. Have an educated value expectation on your business but do not share it with buyers. The competitive process should lead to a market-based valuation.

7. The value of your house is not dependent on the buyer. When you sell your business, the price, terms and form of consideration will vary from buyer to buyer.

8. The goals and objectives involved in selling a house are relatively simple—maximize the price and accelerate the closing date. The goals and objectives in selling a business may be many and varied depending upon the impact on various constituencies (like employees, directors, management, customers, shareholders and heirs) whose interests may be relevant.

9. Your house does not need to have a financial history and a business plan for growth and profitability. Your business does.

10. The value of your house will not go down if the world finds out it is for sale. The value of your business may go down.

11. Selling a house does not involve multiple parties (buyer's management, lenders, equity investors, financial advisors, lawyers, industry consultants, accountants, etc.) and extended negotiations. Selling your business will involve many of these professionals.

12. Selling a house does not typically take up to a year. The sale of a business could take that long.

13. Selling a house does not require any advance tax planning. In selling a business the owner should consider how to maximize after-tax proceeds, which takes careful planning over several years.

14. There is only one way to sell a house—selling the asset. Businesses can be sold in a variety of ways—stock, assets, combination—and the consideration can come in various forms—cash, stock, assets, consulting agreements, employment agreements, non-compete agreements, etc., all of which have different tax rates.

15. Selling a house does not typically involve large escrows, deferred payments, non-compete payments, contingent payments or long-tailed indemnification agreements that may last for many years.

16. When selling a house, everything is disclosed on the first day to potential buyers on a disclosure sheet. Business owner should not disclose everything about a business—much of which is confidential—early in the process.

17. When selling a house, you can see what you are buying. This is not necessarily true with a business.

18. When selling a house, brokers typically conduct an Open House. This can be a disaster for a business.

19. It is highly unlikely that you will be living with the buyer of your house after the deal whereas you might be asked to stay on by the buyer of your business. You need someone to negotiate for you in selling the business so you can stay out of the fray.

20. You may be able to sell a portion of your business as part of an exit; you cannot sell a portion of your home.

21. Most sellers of homes buy another house. Most sellers of businesses do not buy another business, which requires an entirely different mindset about the aftereffects of the deal. Have you planned for that?