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10 Reasons to Hire an Advisor to Help Sell Your Startup



Introduction

You know what it takes to start a business – but do you know what it takes to sell one?

Think of everything you did to scale your startup: the long hours, stress, endless emails and meetings. Now compress that timeline into a month or two and you have a pretty good idea of the acquisition process and what it takes to make it successful.

With growing a business, you have one clear advantage: you know it better than anyone. You're an expert on your business.

But can you say the same about acquisitions?

If you don't have the experience, time, knowledge, or contacts to ensure your exit is a happy one, you should hire someone that does. In other words, consider hiring an advisor.

In this article, we define all professionals that help close M&A transactions as an "advisor." This includes attorneys, business brokers, accountants, insurance brokers, tax advisors, escrow agents, and so on.

As acquisition experts, they're your star player on the field who'll do whatever it takes to drive your goals and interests across the finish line. Here are 10 reasons why you should consider hiring an advisor to help sell your startup.

01 Sell at a Higher Price

This is your ultimate goal, right? You want the best price possible for your startup, and unless you happen to be an expert in valuations, market dynamics, and negotiations, you might not be the best person to get it. An experienced advisor with many closed deals under their belt will know exactly what you need to do to get the highest price for your startup.

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02 Sell Faster

It's easy to list your startup on MicroAcquire. What happens next – attracting offers, navigating the process, reviewing Letters of Intent, and so on – can be a bit more challenging.

Not only does an advisor's prior knowledge of the process speed things up, but they also have the professional network to potentially increase your buyer pool, helping you sell faster.



03 Derisk the Acquisition

Ever removed your own tooth? Didn't think so! Yet many founders try to handle the complexities of the acquisition process alone, putting themselves at a disadvantage while increasing the risk of an oversight that derails the acquisition. When you hire professional expertise, you minimize risk and offload a lot of the associated stress with the process.



04 Negotiate Better Terms

Are you familiar with earnouts, seller financing, indemnification caps and baskets, deal structures, and so on? The business and legal terms in an M&A transaction are often daunting and incomprehensible. You also need to consider downstream, post-closing matters during the deal process: any personal liability, forward facing restrictive covenants, and so on. Hire an M&A advisor to negotiate the best deal structure and explain exactly what's on the table.



05 Get the Right Valuation

Our valuation tool can help you value your startup before listing it. But calculating your valuation is an inexact science, and to understand it better, you need someone who's helped startups like yours get acquired. Someone familiar with relevant valuation methodologies and market ranges. This helps refine your valuation so you never knowingly undervalue or overvalue your business.

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06 Free Time to Focus on Your Business

Ever done two full-time jobs? Managing the acquisition process will take most of your time and energy, especially when you reach due diligence. At the same time, you can't let your startup's performance slip, even by a small margin, otherwise you threaten your valuation (and the deal). Instead, hire an advisor to focus on the acquisition while you focus on your startup.



07 Avoid Legal Hiccups

Legal can feel counter to a founder's agile, solution-focused mind. Forms and form-filling are a drag. Laws are in obscure language and vary state to state and industry to industry. Mistakes are easy to make but not so easily forgiven. When you have a potentially life-changing acquisition at stake, do you want to risk it all on your legal expertise or hire a professional to handle it for you?

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08 Tax Considerations

Tax is dry. We get it. But it's also one of the most overlooked yet most critical components of a transaction. Hiring a professional to help you minimize your tax liability is crucial. There is nothing worse than closing a transaction only to realize in April that you owe a massive amount of tax to the IRS that could have been avoided with only a little bit of tax counseling. An advisor can help you best structure the deal to minimize, and sometimes eliminate (in the case of Qualified Small Business Stock), your tax liability.



09 Help Isolate and Transfer Assets

Before you sell your startup, you must first understand which of its assets are going into the purchase agreement, how to isolate them, and how to transfer them on closing. This might be tricky if you run a complex business. You need to prove contractually indisputable ownership rights over the assets in question, and an advisor can help you do that in the purchase agreement.

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10 Get on Equal Footing with Buyers

Buyers usually have a pro team behind them, especially those whose day job is to acquire, scale, and exit companies. I don't want to sound harsh, but if you walk into a den of lions, you're going to get eaten. You might be lucky and emerge with just a few scratches, but wouldn't you rather take a silverback gorilla in with you? Just in case things get ugly? If nothing more, it shows you won't go down without a fight, which could avert one in the first place.





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When you hire an advisor, you elevate your standing. You put yourself on equal footing with buyers. This could be the advantage you need to make your acquisition succeed. We have over 50 approved advisors right here on MicroAcquire



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