

Growing and Selling Your Company

6 Essential Insights from Entrepreneurs Who've Been There

As an entrepreneur, you're at the heart of our country's economic growth. You're an innovator who works hard and takes risks to turn your ideas into reality, thus creating value for your stakeholders. Wherever you are in your entrepreneurial journey, however, there are plenty of hurdles to overcome. When you're growing your startup, you're not only managing the business but also taking time to raise funds to invest. And even once your company is thriving, you cannot rest on your laurels. You have to maintain that level of success and think strategically about the endgame. How will you plan for your business exit? How do you monetize the value you've built so you have cash on hand for your next venture, your retirement or to fund any of your dreams?

At Strategic Exit Advisors, we advise business owners and entrepreneurs who are executing merger and acquisition transactions. We wondered about the shared insights that entrepreneurs gained as they traveled the path from startup to growth to business exit. So we interviewed company leaders representing various sectors — healthcare, technology, and education. Here's what we discovered.

1. Entrepreneurship Is High-Stakes

Entrepreneurs did not get where they are by playing it safe. Along the way, they suffered sleepless nights as they took calculated risks. Many left behind lucrative corporate careers to face a blank slate. Not knowing whether it would pay off, they invested savings, loans and emotional capital into their venture, often logging countless hours before their companies delivered positive cash-flows.

They did this not only in hopes of monetary reward but also for the intrinsic satisfaction of making their mark on the world by creating something worthwhile.

2. Success Is Who You Listen To

We've heard the expression "It's not what you know, it's who you know." Entrepreneurs seem to take that thought further with an attitude of "It's not what you know, it's who you know and what *they* know." While leaders who start their businesses are generally self-motivated individuals with in-depth knowledge and expertise, those that distinguish themselves usually recognize they cannot know *everything* necessary to grow and sell their companies successfully.

Because of this recognition, they build strong networks and rely on them, especially when making critical choices about how to expand or exit their businesses. They discuss decisions with colleagues who have experience in these areas, professional mentors who lead networking and trade associations, investors whose values align with their companies, and trusted lawyers and accountants. Also, they are most likely to rely on advice from those who understand the entrepreneur's experience and care about their goals.

3. Time Is Precious

Business owners say finding investors and raising funds to support business

growth can feel like a second job on top of managing a company. The same is true of trying to sell a business, which involves everything from making buyer presentations to completing due diligence. Thus, if these essential tasks are not handled effectively, they inevitably distract from business operations.

4. **Patience Is Critical**

Entrepreneurs hate to waste time and want rapid results. If they've been through fundraising or sales transactions before, however, they realize the value in remaining patient through these processes. At the same time, they cannot take their eyes off the road ahead – they must keep a laser focus on maintaining and enhancing their business' health.

5. **Think Hard, Plan Carefully**

Business owners who proactively think about and plan for the future will be better off in the long run than those who react to events as they occur. That's because the course of a business can take many unexpected twists and turns. Also, as Casey Stengel once said, "If you don't know where you're going, you'll end up someplace else."

Thus, planning for the future is essential for building the best company. This includes taking steps to streamline operations, foster company culture, provide optimal products and services and generate demand. Establishing the business foundation and creating organic growth, however, is just part of the puzzle. Other questions to consider are whether you want to:

- Grow through acquisitions

- Sell to a larger company
- Go public
- Accept an unsolicited offer from a potential buyer or majority stakeholders
- Take a methodical approach to exiting your business that puts you in the driver's seat and ensures the sales price reflects its market value

When navigating the course of your business, it's crucial to have clarity on your strategies and goals.

6. **The Right Partners Are Essential**

Entrepreneurs cite the importance of interpersonal relationships when selling or expanding a business. They seek investors who are aligned with their companies' missions and buyers who respect their businesses' cultures. They look for advisors with industry expertise who understand their goals and who they trust to support them throughout the transaction.

So if you're an entrepreneur moving through the lifecycle of your organization from startup to growth to sale, know that it's a high stakes game. You will be most successful if you find the right partners and listen to others with knowledge and expertise. Be careful with your own time, keeping your focus on the business, and use external resources when required. However, also be patient, letting fundraising and sales processes run their course. Above all, think about and plan for the future. If you know where you want to go, you just may end up getting there. *dolor sit.*

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