

Whether or not you plan to sell your business,
your organization may benefit from acting like it.

PREPARING YOUR BUSINESS FOR SALE

Jeff & Tracey Wills

Always run your business as if you are going to sell it tomorrow.

For years, we owned and operated a successful mid-size home health care business. Though times were good, we knew that business circumstances can change quickly. If we ever found ourselves in a situation where we needed to sell quickly or had a suitable company interested, we needed to be ready for display.

Even if a sale was not in our future, this mantra provided good discipline for us. We always wanted to build and grow a sustainable organization of value, and the figurative prospect of a big national buyer provided the daily incentive to do so. Whether we or someone else were the owners, our business was going to be successful for the sake of us, our employees, and our community.

The day finally came when the specific conditions of our industry prompted us to approach a large national company to buy our business, and our discipline paid off. They were incredibly impressed with the strategic alignment of our organization, thus enabling a favorable sale price for us. Best of all, the post-sale transition of the company confirmed the value of our organization. One executive from the purchasing firm said they had never had a transition go so smoothly; such praise may have been worth more to us than anything. We felt good knowing we had built a foundation that allowed our employees to thrive regardless of their company's owner.

Three disciplines were fundamental to our successful sale: establishing a systematic process for doing business, staff and leadership development, and strategic positioning. They are called "disciplines" for a reason. They cannot be "turned on" immediately to impress a buyer; they must be an integral part of the organization's identity.

ESTABLISHING A SYSTEMATIC PROCESS

About four years prior to our sale, we began implementing a quarterly strategic meeting rhythm from which we had seen tremendous results in another local company. Over time, the results were positive and dramatic. Everyone in our organization clearly understood the company's objectives, and these objectives drove everything we did, from the executive board-

room to the shop floor. The process provided the framework from which we could consistently plan and execute, and our people followed through.

When the buyer first looked into our business, it was clear that we were not just another mom-and-pop operation. They were incredibly impressed with the strategic planning process we had in place. We were able to present them with four years worth of one-page plans that quickly brought them up to speed on our priorities, our motivators, and our results. First, they noticed ways that they could improve the organizations they already had. Second, they believed they could drop their own strategies into our system and allow our people to work their magic. With such a disciplined process in place, they didn't



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have to do any work! As such, this process was the most significant contributor to the value of our company.

STAFF AND LEADERSHIP DEVELOPMENT

Our buyer did not just buy our company; they bought our people. Our goal from the beginning was to be the “best of the best,” so we spent time making our people the best. This increased the company’s value *and* increased the value of our people in the marketplace. We both won, which is just how we wanted it.

Like everything else, our strategic process drove our staff and leadership development. We identified early who would be in what role, and we expected leaders at every level of our organization to drive the same strategic objectives and meeting rhythms in their teams.

When the purchasing company first visited us, they were amazed at the alignment of objectives and processes at every level of the organization. As they interviewed key staff members from all levels, they repeatedly heard the same strategic messages, not because we had primed our people for these discussions, but because these messages were inherently who we were. Most importantly, our employees were producing measurable results at all levels. They were not dependent on us; *they* were the value of the company. Therefore, the purchaser had the confidence that they would continue to create value regardless of who owned the company.

STRATEGIC POSITIONING

Thanks to our process, we were able to proactively seek a strategic buyer when the time was right to sell our business. Rather than simply selling ourselves to the strategies of a purchaser, selecting the right purchaser became a strategic objective for us. Thus, our deeply-ingrained process was the best positioning for a sale we had.

By looking at our process, the purchaser was able to justify that they were getting what they were paying for. The purchase price negotiation was then based on this strategic justification.

POST-SALE TRANSITION

Following the sale, our focus shifted to a successful transition. Again, the process defined the plan: stick to the framework and *execute!* Our people were used to the process. They knew how to interact with each other, how to handle problems, how to prioritize – in short, how to run a business. In a time of increased unknowns, they simply stuck to the plan. Routine brings a certain level of calmness to times of uncertainty.

The process allowed our team to systematically integrate new people into a larger system. As expected, the new strategies and objectives of the parent organization dropped into the system nicely, and our organization worked its magic. The purchasing executives were impressed with the ability of our

lower-level people to easily grasp their principles and be so disciplined in their execution. In fact, they later plucked people from our “little engine that could” and sent them to other locations to implement the same process and produce similar results.

Also key to the successful transition was total openness with everyone in our organization. When we chose to shop our company to a national buyer, we could have chosen not to tell anyone what we were doing, but that would not have allowed the buyer to see the full value of our team. Our strategic positioning became a company-wide objective, and our people were deeply involved in the process. Consistent with our culture, we wanted to be the best – in this case, the best transition our buyer had ever seen.

The goal was shared by everyone, and we promised our people a shared reward if we were successful. As owners, we could not have been in this position had it not been for their devotion and diligence,

so they deserved a reward for their efforts. This aligned their personal objectives with ours, and everyone pulled together to prepare a truly excellent organization for the new owners.

A healthy organization is the best guarantee for a successful sale.

SEEKING COUNSEL

Our success in building an organization and positioning it for sale would have been much less had it not been for our willingness to seek an outside perspective. As entrepreneur CEOs, we could only take our organization so far alone. We needed an outside perspective to bring fresh ideas and experience, unhindered by the biases we had naturally developed. He helped us drive the process, held us accountable, and always brought us back to center when we were tempted to get off track.

Seek outside perspective, instill a framework, develop people, implement shared goals with shared rewards, and execute. This is the formula for a healthy organization, and a healthy organization is the best guarantee for a successful sale.



Jeff & Tracey Wills are licensed CEO Advantage advisors and the former co-owners of Canadian Valley Medical Solutions, Inc., a home medical equipment and specialty pharmacy services provider. Under their leadership, the company was consistently recognized among the fastest growing companies in Oklahoma City before being sold to a Fortune 50 public company in 2006. They have been married since 1984. Contact them at jwills@theceoadvantage.com and twills@theceoadvantage.com.

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