

What I Learned from Selling Our Business: A CEO's Candid Journey

By: Cannon Carr

Tomorrow, September 13th, at 12:01 am, our firm would officially combine with our larger partner. As I left our office two hours before that milestone, the last to leave for the day, I took a sentimental photo of me at the door, a sense of pride in what we had built and optimism about what was to come. Our strategic direction was going to be even stronger, and our trade-offs to get there were reasonable.

When I walked in the following morning, members of our partner firm were already at work getting our technology transferred and integrated, as planned. Whoa! It was technology I hadn't formally approved, and teammates I hadn't hired. Yesterday suddenly seemed years ago.

Change was already in motion, before I had grabbed the first cup of coffee. The halls, the furniture, my desk all looked the same. But I was no longer accountable for strategic direction and resource allocation, after over a decade.

The burden of nine months of negotiation suddenly landed hard on me. Would our team thrive, our clients flourish, and our culture survive? And was I personally ready for this New World?

Understanding through Experience

After 17 years as a principal shareholder, including the past five as CEO, I led the sale of our business to a larger firm. I've spent years advising clients through their own business transitions, but experiencing it firsthand opened my eyes in ways I hadn't fully appreciated before.

Selling your business is a combination of thrilling highs, exhausting lows, and lonely uncertainty.

If done correctly, it can be extremely rewarding for you and those involved with your business—from clients, to shareholders, to teammates, to (even) the buyer on the other side. The buyer, as we'll see, is a vital partner in the process.

In this note, I want to share the most valuable lessons I learned, offering my fellow business owners an honest look at what to expect when selling a business—insights that go beyond the numbers and into the heart of this transformative experience.

“Expected but Often Underestimated” Lessons

First, let's begin with some elements to lay the groundwork for a potentially successful business sale. Then, we'll cover how to navigate the unexpected.

#1: Be Prepared for the Emotional Commitment

Selling a business is a demanding, complex process that requires far more time, energy, and focus than most people anticipate. You must prepare yourself mentally and emotionally for the commitment ahead. Understand that every step—from navigating negotiations to managing deliverables to fielding challenging questions—demands your full attention. Even the smallest details can have significant implications, making it essential to stay engaged and proactive throughout.

While I had prepared for the demands of negotiation, I underestimated the emotional toll of staying clear-headed. Balancing objectivity with the emotional reality of handing over something we'd nurtured for years, including closing product lines or letting teammates go, can be exhausting.

This emotional journey is a natural part of the process. Acknowledging and embracing these feelings is essential to maintain perspective and make sound decisions through the transition. While it's challenging, it's also an opportunity for growth, allowing you to move into the next phase with confidence and awareness.

#2: Your Business Financials and Processes Must Be in Order

Of course, you want your financials in order. Using a transaction to test their accuracy and your assumptions is too late and may expose you to huge disappointment. For us, we had an extremely capable bookkeeper, and we had audited or reviewed statements going back years. If you have not done this, at least hiring a credible authority to analyze the quality of your earnings in advance is worthwhile. This brings confidence in opening your financial statements, billing systems, and processes for scrutiny, and to negotiating a transaction.

For us, years of careful preparation—documenting processes, setting clear accountability, and having teams that trust each other—enabled us to enter due diligence with better clarity and authority.

#3: Know Your Business Inside and Out, and What You Hope to Gain

A thorough understanding of your business—and the market it operates in—is critical. Taking an honest look at your company's strengths and weaknesses, and what capital markets assign value to (and what they don't!) allows you to approach the sale strategically and make more informed choices.

This awareness not only strengthens your negotiating position but also helps you envision the future role of your team and you as a leader. Are you seeking a clean break, or would you prefer an ongoing role within the merged entity? Defining your post-sale goals in advance will help ensure the transition aligns with your personal and professional aspirations.

#4: Embrace the Negotiation Process as a Journey to a Goal

As you navigate this process, I urge you to embrace the negotiation process fully. It's not just about closing a deal and preserving value; it's about securing terms that support your business' long-term success and align with the future goals, both yours and those of your team.

Early on, identify your non-negotiables, but be willing to stay flexible where it counts. Striking the right balance between standing firm and adapting to reasonable adjustments often leads to a win-win outcome that benefits both you and the buyer.

#5: Seek Expert Guidance

Lastly, don't underestimate the value of experienced advisors. A skilled investment banker can help identify the right buyers and position your business strategically in the market. A CPA with M&A expertise offers essential financial insights, while an experienced M&A attorney is indispensable for protecting your interests throughout the legal process.

Although hiring these professionals may feel like an added expense, their guidance is crucial for navigating the complexities of the sale and securing the best possible outcome. Their expertise will usually more than pay for itself in optimizing your outcomes. It can make the difference between a challenging experience and a smooth, successful transition.

Surprise! Navigating the Unexpected

No matter how thoroughly you plan, every business sale comes with its own set of surprises. My recent experience taught me that being prepared for the unexpected is just as important as any strategic step. Here are my tips for successfully navigating those inevitable unplanned moments:

#1: Give Yourself a Long Runway

The sooner you start thinking through an exit, merger or strategic partnership—ideally up to three years before signing a Letter of Intent (LOI)—the greater your chances of a smooth, successful transition. This offers several benefits:

- **Strategic Growth.** Advanced planning allows you to optimize operations, streamline processes, and boost financial performance, increasing your business's appeal to buyers.
- **Risk Mitigation.** Starting early lets you address potential risks, such as market fluctuations or legal issues, ensuring your business is resilient and well-positioned for sale.
- **Stronger Negotiation Power.** With ample time, you're not pressured to accept less-than-ideal terms. This flexibility enhances your leverage, allowing you to negotiate a better price and favorable terms.

By planning for your exit or transition well in advance, you not only have an opportunity to enhance your business's value, but you also create the freedom to approach the sale on your own terms.

#2: Focus on Values as Much as Valuation

While valuation is always important, other factors can be just as critical to a successful sale—such as preserving the company's values and culture or maintaining employee growth opportunities and fulfillment.

To get this right, take the time to understand both sides' priorities and decision-making approaches. Slowing down the process fosters alignment and helps create a smoother negotiation.

In challenging moments, refocus on the shared goals that brought both sides to the table. Revisit the mutual benefits, clarify trade-offs, and ensure they are reasonable and well-defined.

Productive dialogue comes from both sides actively listening, processing, and striving for common ground. This approach creates resolutions that respect each party's priorities and set the foundation for a stronger, more successful partnership.

#3: Own Your Role as Decision-Maker

Advisers are vital, but you can't outsource the ultimate decisions and trade-offs to them. Your business is unique, and no one understands its nuances better than you do, either yourself or collectively with your team.

Final decisions must remain with you as the business leader. This means digging into details, asking tough questions, and, when necessary, pushing back on recommendations that don't align with your vision or values.

Taking ownership of both the terms and compromises along the way is crucial. There will be challenging decisions that may diverge from initial expectations, but embracing these choices confidently helps maintain momentum and focus throughout the process.

#4: Build Options and Personal Liquidity to Optimize the Sale

One of the most valuable lessons I learned during this process is the importance of keeping options open until you are ready to sign a deal. Having alternatives—such as a competitive offer, or the ability to walk away from a deal—gives you leverage in negotiations and enables you to make decisions from a place of strength rather than necessity.

Personal financial independence is pivotal here. When you aren't reliant on the sale of your business to sustain your lifestyle, you can negotiate on your terms, free from the pressure of financial need. This independence not only empowers your choices but can actually enhance your business's valuation.

I've found that business owners totally underestimate the freedom brought by personal liquidity, and the options it provides. It is a key tenant of my 3Rs framework, which is designed to help business owners invest in their businesses, position themselves for a successful exit, and build the financial independence that allows them to sell on their terms—when they want, to whom they want, and how they want.

In the end, the best deals often come when you don't *need* them. Cultivating options and maintaining liquidity are powerful strategies in the M&A process, allowing you to navigate negotiations with greater confidence and control.

Reflecting on the Process

Reflecting on the process of selling CornerCap, I'm struck by the emotional depth and unexpected challenges it presented. Even with a supportive team, there were moments when the weight of decisions and the need for discretion felt overwhelming, bringing an unanticipated sense of isolation. Yet, the rewards of navigating such a significant transition are profound.

Seeing years of hard work culminate in a strategic merger that promises growth and new possibilities is deeply fulfilling—a powerful validation of the vision we pursued and the culture we built. Ensuring that the merger would create meaningful opportunities for our employees while meeting financial and business goals required ongoing, thoughtful decisions and, at times, difficult conversations. This journey reinforced the critical role of preparation, resilience, and a clear vision.

To fellow business owners considering a sale, I encourage a balanced approach of optimism and pragmatism. The process is demanding, but when approached with intention, it's incredibly rewarding. Ultimately, a successful sale is about more than financial gain—it's a chance to shape a future that truly reflects your values and honors your legacy.

For more information on how we help business owners, call 404-870-0700 or email me at ccarr@epwealth.com.

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