

# Business valuations are key to transferring a family business by a business broker

*A Neumann & Associates, LLC discusses the challenges of family owned business transfers in a series of recent releases*

ATLANTIC HIGHLANDS, NEW JERSEY, MONMOUTH, August 6, 2015 /EINPresswire.com/ -- ATLANTIC HIGHLANDS, NJ, MONMOUTH, August 6, 2015 /EINPresswire.com/ -- Atlantic Highlands, NJ (August 5, 2015) – A Neumann & Associates, LLC, a New Jersey-based Mergers & Acquisitions and [Business Brokerage](#) firm, discusses the challenges of family owned business transfers in a series of recent releases.



Many people are surprised when we tell them that our second-biggest competitor is “nobody.” Nobody? What we mean by having “nobody” as a competitor is that many small business owners are determined to sell their businesses on their own. Why would a seller try to do this? The obvious reason is that they simply want to avoid paying a commission.

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*Achim Neumann*

“We are always impressed by the ingenuity and determination of the business owners we meet in creating and growing their businesses,” says Achim Neumann, President of A Neumann & Associates, LLC, the full-service M&A advisor and business brokerage firm in New Jersey, “but building and running a business is not the same skillset as selling it.”

For one thing, how do you set a price? The business seller needs to evaluate his business correctly. Unlike real estate,

you can’t go on-line and look up comparative sales. “If the price is too low, the seller has left money on the table,” says Gary Herviou, Managing Director of the Central New Jersey region. “If the price is too high, the business won’t sell at all. A seller needs a [business valuation](#) and [confidentiality](#)”

Furthermore, how does a seller find qualified buyers, including, perhaps, from among competitors? Again, selling a business is not like selling real estate. “You can’t just hang a sign on the building to advertise that a business is for sale,” says Steve Wrubleski, Managing Director of A Neumann & Associates’ Southern New Jersey region. “When word gets out that the business is up for sale, many of the best employees – and best customers – will leave. The objective is to transfer value, not to destroy it! Thus, confidentiality is very important”

Even if a business seller can find an interested buyer, how do you make sure that they’re qualified? You’ll need to separate the “tire kickers” and “window shoppers” from serious business buyers. Unqualified buyers can waste your time and breach confidentiality, wasting a lot of the seller’s time in the process. Even worse, an unqualified buyer will most assuredly show up at closing without enough money to do the deal. Then what?

So how can a seller do all this WHILE managing the business? If the owner “takes his eye off the

ball,” business will suffer, the buyer will notice it – and the price will go down. Case in point: a mere three percent decline in the cash flow, translates into a 7% to 12% transaction value reduction – easily exceeding a broker’s commission!

At times, business sellers will recognize the advisory value as an insurance policy against making costly mistakes. But what if there is another argument? What if there is direct evidence that using an intermediary actually increases the expected sale price by substantially more than the commission? Stay tuned for next month’s release!

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About A. Neumann & Associates, LLC

A Neumann & Associates, LLC is a professional merger & acquisition and business brokerage firm with 30 years of experience in Connecticut, New Jersey, New York, Pennsylvania, Delaware, Maryland and Virginia that assists business owners and investors in the business transfer process in a completely confidential manner. The company covers the entire Northeast US market, has representations from NY state to VA state, and has access to a 50 office national network of qualified investors and sellers. For more information, please contact A Neumann & Associates at 732-872-6777.

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