

Clare Advisors Releases Guide Breaking Down Common Misconceptions About Selling an Agency

WASHINGTON, D.C., UNITED STATES, July 11, 2022 /EINPresswire.com/ -- Clare Advisors has released a guide breaking down [common misconceptions about selling an agency](#). Business owners that are selling for the first time may not know the factors and nuances that go into selling a business.

The guide reviews five common misconceptions business owners may have when trying to sell their marketing, public relations, or advertising agency. They consist of the following:



1. Evaluating the business is easy. Many business owners have invested time and money into their agency, so they may see it at a higher value than a third party that is looking at the agency's historical, current, and forecasted future performance.

Getting help from merger and acquisition advisors can help owners appropriately evaluate their business. This can help them evaluate whether potential offers from interested buyers would be considered "fair market value."

2. Once they sell, they are done. Some business owners may not expect an earnout at the end of the transaction. Buyers can require an earnout for a variety of reasons, e.g., to nurture employee relationships, manage financial/operational risks, and make sure clients stay with the business post-transaction.

3. Selling the business is quick and easy. Setting up the agency for an optimal ownership sale and transition, going through the sell-side process, and then an earnout takes time. The sale process may take up to a year depending on a myriad of factors. In the marketing and advertising industry, many business owners stay with the company for another three to five

years throughout the earnout period as well.

4. Choosing the buyer does not matter. Some owners may also think that choosing a buyer doesn't matter, that the one with the biggest cash offer is the best suitor. Agency owners should consider the cultural fit of both agencies in their decision-making process. They need to consider which buyer has the best strategic goals for the acquired agency as well if a portion of the purchase price will be based upon an earnout.

5. Waiting means the sale price will rise. Waiting a year, or two, or three, does not ensure a higher multiple or purchase price consideration. There is no guarantee that the business will be worth more in the following years, considering the fact that an individual agency owner cannot control the direction their industry and economy will head. Instead, an owner should sell their agency when they have the most momentum for revenue and profitability growth through the earnout period. That is the best way for the seller to maximize value.

Clare Advisors is a buy-side and sell-side advisory specializing in M&A and financial services for digital advertising agencies, marketing agencies, and business service providers. Business owners or agencies looking to sell their company can connect with an M&A advisor by visiting the [Clare Advisors website](#).

John Burns

Clare Advisors

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