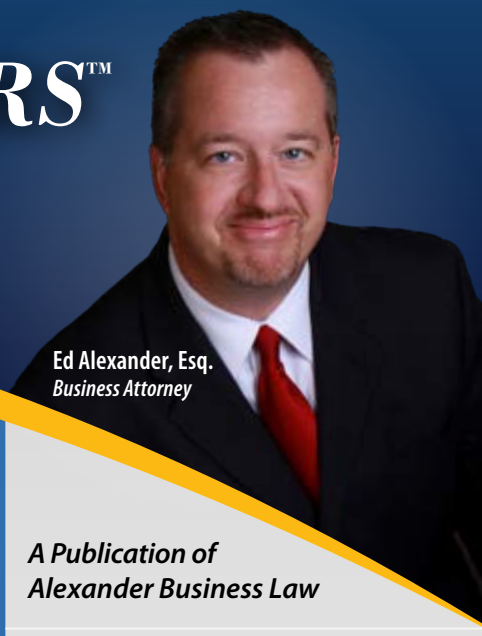
YOUR BUSINESS *MATTERS*™

Enjoy Your Business and Your Life



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A Publication of Alexander Business Law

June 2023

Mindset *and the* Sale *of a* Practice



By Ed Alexander

In the last issue of Your Business Matters newsletter, I discussed the need for a second act when selling a practice and how the seller's mindset impacts a sale. Because the seller's mindset will make or break a sale, I want to focus on two additional mindset issues and what to do about them:

- ***Fear of Missing Money (FOMM), and***
- ***Self-Focus.***

Fear of Missing Money (FOMM).

Most sellers only sell one practice in their lifetime and they're afraid of leaving money on the table because the practice was offered at too low a price - the Fear of Missing Money (kind of like FOMO). So, their natural reaction to FOMM is to inflate the offering price. They think that a buyer will negotiate from an inflated price to the "right" price.

But marketing a practice with an inflated offering price creates big problems, including

- Longer Marketing Time,
- Lower Transaction Price, or
- No Sale At All.

Most people don't negotiate in the face of an unreasonable asking price. So, most buyers will look past an overpriced practice. Consider the last time you went searching for a used car and found a seller asking over the KBB value. Did you contact the seller? If you're like me, you thought 'This guy's crazy!'

Plus, the few who are willing make an offer typically low-ball it, looking to catch a desperate seller. So, when the seller rejects those offers and the practice sits for a long time, the seller begins to wonder if it will ever sell, leading to ever increasing desperation. Eventually, the seller feels he must accept the next offer (if it ever comes).

Thus, because a desperate seller might take a low-ball offer when nothing else is coming in or even decide not to sell, an inflated asking price creates the very problem the seller feared.

FOMM isn't solved with an inflated asking price. Price is a market function – what buyers and sellers have transacted in the past. Rather, FOMM is solved by ensuring that the practice is properly marketed at a reasonable asking price. Multiple interested party offers allow the seller to get an appropriate price and reasonable terms.

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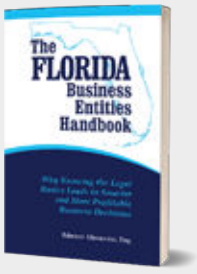
HOW WE CAN HELP

Alexander Business Law helps professional services firms and consultancies scale and exit their practices so they can start enjoying their lives and stop doing work they no longer want to do. Attorney and entrepreneur Ed Alexander has helped thousands of business owners achieve freedom and wealth with profitable, rock-solid exit strategies. If you would like to work with Alexander Business Law to achieve the same results for you, contact us at **(407) 649-7777** or **Kim@AlexanderBusinessLaw.com**.

FREE DOWNLOAD:

The Florida Business Entities Handbook



This handbook teaches you the differences between Florida business entities and eliminates the challenge when trying to decide which entity to choose for your business. Get your FREE copy. Call **(407) 649-7777** or go to **www.AlexanderBusinessLaw.com/Business-Entities**



Hiring New Employees IS NOT AS EASY AS IT USED TO BE

By Faith Alexander

Over the last six months Alexander Business Law has been actively working to expand our team. It was not as easy as it used to be to find and hire the best people to join the law firm. We followed the typical route of posting the open positions online using sites like Indeed and ZipRecruiter. We used social media sites and reached out to colleagues and friends that we thought might know of someone looking for their next career move. Still, it was more of a challenge than it was in the past.

We heard back from colleagues that they were having the same challenges finding the employees that would be a good fit for their business. The resumes we were receiving were from both underqualified and overqualified people. Then when we thought we had found a few potential candidates, we would reach out to set up an interview and not even receive a reply. We always request a cover letter to be sent along with a resume. One candidate said cover letters were outdated and he didn't need to send one! Another candidate responded two weeks later with his availability.

Ed and I decided we had to get creative in building our team. My daughter has her own law firm. She has 14 employees and all of them work remotely. We decided to look at nontraditional options in hiring for the attorney positions. With technology it is easier for employees to work remotely and not have to travel into the office every day. This expanded the pool of candidates and, also, the quality of the resumes we were receiving.

We finally found our superstars and they have since joined the firm. We now have three assistants in the office and three associate attorneys working remotely, in addition to myself and Ed. Hiring good employees is not as easy as it used to be but with a lot of persistence, creativity, and a bit of luck, finding and hiring the best people for our firm and our clients was worth the effort.

Staffing and employee retention are critical factors in the valuation of any business. Our Scale to Exit Program addresses these challenges to help business owners position their business for success. □

Sci-Fi Trivia Contest

Win a $25 Starbucks Gift Card!

If you are a sci-fi fan, this month's Triva Question might be an easy one for you to answer. This character is from my all-time favorite science fiction media franchise. Although I am a bigger fan of the newer series and movies, this old series is still fun to watch.

Who will be born March 22nd, 2233, and will grow up in Riverside, Iowa.

The first person to respond with the name of this character will receive a $25 Starbucks gift card. Email Victoria@AlexanderBusinessLaw.com

QUOTE OF THE MONTH

"Price is what you pay. Value is what you get.



WARREN BUFFET

— continued from page 1

Mindset and the Sale of a Practice

Self-Focus.

Where FOMM is fear based, self-focus arises because a seller is confident about her practice and doesn't see it through the buyer's eyes.

The seller lives her practice every day. It has supported her and her family for years. She knows what works and what doesn't. It is familiar and, for her, low risk. There's a stable emotional attachment that the practice is 'good.'

A buyer, on the other hand, is extremely cautious and fearful. They likely haven't bought a practice before, don't know the seller's practice, the clients, or the employees, or whether the cash flow will stop tomorrow or continue to grow into the future. They're worried about buying a liability and see everything that could go wrong.

To make a buyer comfortable, the seller must get beyond the "sure thing" she knows her practice to be and see it through the buyer's eyes. She must empathize with the buyer's fears by doing everything possible to reduce the buyer's perceived risk, whether it's real or not.

The Seller Must:

- Focus on what she's going to do to transition the practice and client and referral source relationships to the buyer, communicate that to the buyer, and put it in writing,
- Ensure the employees will remain with the buyer after the sale,
- Show the buyer the ropes during a reasonable transition period,
- Disclose issues with the practice up front (there is no perfect practice), and
- Make sure post-closing 'of counsel' or employment arrangements are beneficial to the buyer (e.g., based on production and collections).

The best way to avoid self-focus is to remember that the sale – and often the seller's payments – is dependent on the buyer feeling he can be successful with the practice after the sale. □

– Ed

WHAT OTHERS ARE SAYING ABOUT ALEXANDER BUSINESS LAW*

In one of the most stressful times in my career, Ed Alexander was not just there as a broker/professional as he handled the sale of my business. He was extremely patient and went above and beyond to assist in those last minute items that would have made the deal fall apart. He and his staff responded quickly and was always accessible. In the last week when the transaction was being delayed (almost canceled) due to PPP loan documentation, he not only had an alternative solution, but presented his solution to all parties and guided everyone how to respond to make sure the closing happened. One of the most patient attorney/broker I have known. I would recommend his firm to anyone interested in buying or selling a business.

– Toni Springer

THE ALEXANDER BUSINESS LAW
SCALE to EXIT Program™

Call 407-649-7777 to schedule a call with Ed Alexander

Discover how you can stop doing work you don't like, and start enjoying your business and your life.

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THANK YOU FOR YOUR REFERRALS!

This month, we'd like to thank Shaun Thornton for believing we are the right firm to help his friends and business colleagues. Your support gives us the ability to reach more individuals and make a positive difference in their lives. If we can help anyone you know that needs our services, please send them our way!



A Personal Message From Ed Alexander

We just got back from a wonderful trip to Israel and Jordan, with a side visit to our daughter in Brooklyn. We'll be telling you more about it in a future issue. In the meantime, enjoy the summer! We'll be on the bikes, out on the water, and at the beach.

Stories of People Just Like You Who Have Reinvented Their Businesses in a Way that Serves Their Lives

FREE DOWNLOAD!



Discover How Other Attorneys Were Able to Capitalize on Their Most Valuable Asset - THEIR LAW FIRM

The succession plan for your law firm is one of the biggest choices you will have to make regarding one of your most valuable assets. Failing to plan for your inevitable exit from your firm is one of the most costly mistakes you can make. Yet attorneys everywhere often put off succession planning until it is forced on them by life. **An unplanned exit will be an unprofitable exit.**

Request this booklet to see how your fellow attorneys successfully exited from their firms, the methods they utilized, and the benefits they achieved. And how you too can stop doing work you don't like, keep doing work you love, and finally enjoy your firm and your life.

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