



How to Vet Your Business' Potential Buyer

Date: March 26, 2014

Identify your own strengths and weaknesses to determine your ideal buyer's must-have traits.

“Know thyself” is an aphorism as old as dirt, but it doesn't mean the sentiment is without value. Nancy D. Butler, who sold her business years ago and now travels the country as a professional speaker, says self-knowledge is essential when it comes to pinpointing [a buyer for your small business](#).

Determine your deal breakers.

In April 2001, Butler sold her financial management firm in Groton, Conn., to explore new opportunities; she trained and worked with the new owner through the transition until she exited the company in January 2007. But [before selling](#), Butler decided that certain traits of her prospective buyer were non-negotiable. The buyer had to be younger than her because she didn't want her clients to have to deal with another transition in the near future.

The buyer also had to be ethical. “I was managing clients' life savings,” Butler says. “If I passed them off to someone who didn't handle money properly, I wouldn't be able to live with it.”

Butler further outlined must-have traits in her buyer by creating a document detailing her personal strengths and weaknesses: what business responsibilities she liked and didn't like, what she thought she should and shouldn't do, and what energized and exhausted her. This helped her identify her business' needs and the skill sets the new owner would need. For Butler, a great personality was a big hiring factor.

“If they have the right work ethic, ability to learn and inner drive, I can teach them what they need to know or guide them where to get the knowledge they need,” Butler says. “What I cannot change is who they are.”

Hire your opposite.

During interviews, Butler asked potential buyers to fill out a blank copy of her strengths-and-weaknesses document. She disqualified anyone who answered too similarly to her. “I didn’t want a clone of me,” Butler says.

Although choosing a buyer who is your opposite isn’t right for everyone, it worked for Butler. Whereas her strengths and passions were in marketing and client relationships, her buyer was more technology savvy and able to analyze process efficiencies. A year before Butler’s exit date, the business hired another person to fill the role she had been providing.

“By finding someone who has strengths that are the opposite of yours, you can focus on what you’re good at while they do what they’re good at,” Butler says. “By the time you leave, all bases are covered.”

This strategy allowed Butler to exit the business in its best fiscal shape ever. “It felt really good to be able to leave the business that way—to know my clients would be well taken care of and my staff would still have jobs,” Butler says.