

The Buyer's Process



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Objectives

- ▶ Introduction
- ▶ The 15-step process
- ▶ My story
- ▶ Q&A

Are you ready to be a business owner?



Becoming a business owner comes with great responsibility. It's a major risk with a great opportunity for success.

“Show Me the Money”



- ❖ Your savings
- ❖ Family
- ❖ Friends
- ❖ Partner
- ❖ Silent contributor
- ❖ Lending institution

Find the industry that's right for you

- ▶ Match your skills
- ▶ Become an expert in your field
- ▶ Customers will then find you

Find the Right Seller

- Networking channels
- What fits your experience
- The private sale



SALE

Business Brokers Do The Research

- ❖ This is the most common method
- ❖ The seller pays the fee
- ❖ The broker is the matchmaker
- ❖ They will help the whole process

You'll Need a Professional Team

- ❖ Lawyer
- ❖ Accountant
- ❖ Business insurance agent
- ❖ Score mentors

Dive Into the Seller's Financials



- ❖ Financial statements, P&L's, balance sheet and cash flow
- ❖ Income tax statements
- ❖ Quickbooks or other systems
- ❖ Is it and will it be profitable

What did you say the purchase price is?

- Is it within your budget?
- Everything is negotiable
- It's common for the down payment and note for the balance
- Determine the business value



My Previous Business



Moulton Ladder, 1839



- ❖ How I bought it
- ❖ How I learned to be an expert
- ❖ How I sold it to retire

The Score Mentor

- ❖ Mentor the process
- ❖ Mentor to the closing and beyond
- ❖ The success story program

Areas to discuss before due diligence

- ❖ Industry's future - customer needs
- ❖ Competition
- ❖ Company reputation - customer service
- ❖ Seller's training transition
- ❖ Business structure
- ❖ Suppliers agreements
- ❖ Location, landlord
- ❖ Selling process

Buyer's Due Diligence Right

- ❖ Deal breakers
- ❖ How does the business tick
- ❖ Your right to review

Buyer's Due Diligence

1. Organization set-up structure: LLC or sole proprietorship or S-corp or C-corp and organization chart if needed
2. Financials: 3-5 years of income
 - Tax filings, financial statements including: profit and loss, balance sheet and cash flow reports
1. Computer systems:
 - Quickbooks or other financial reporting
 - Customer records, invoicing, inventory control, accounts receivable, accounts payable, expenses, etc.
1. Physical assets - inventory, equipment, computers, vehicles, office furniture, etc.

Buyer's Due Diligence (cont'd)

5. Facility – owned real estate, lease or rental agreement, land lord, signage location, etc.
6. Employees – job descriptions, company history, benefits, salary, non-compete agreements
7. Competition – via internet, brick and mortar, large box stores, foreign, sales agent, etc.
8. Suppliers – vendor relations, approval process product mix, pricing
9. Contracts – government, vendor, union utilities, vehicles, service

Buyer's Due Diligence (cont'd)

10. Insurance Coverage – liability issues, location, employee, vehicles, safety concerns
11. Customer List – mix, reputation, volume history, any major customer, owner relations, etc
12. International – locations, customers, agreements, customer service, inventory manufacturing, etc.
13. Intellectual Property – trademarks, copyright, patents, consultants
14. Licenses and Permits

Buyer's Due Diligence (cont'd)

15. Taxes - sales tax, local requirements, paid on time, back tax
16. Litigation - pending, history, press releases
17. Environmental issues with location
18. ANY ONE OF THESE COULD BE A DEAL BREAKER!

Ready to Make a Deal?

- ❖ Time to bring in legal support
- ❖ Did the accountant see everything?
- ❖ Are your funds available?

THE
JOURNEY
IS ON

A neon sign is mounted on a black grid against a grey wall. The sign consists of three lines of text: 'THE' on the top line, 'JOURNEY' on the middle line, and 'IS ON' on the bottom line. The letters are formed by white neon tubing. The grid is composed of vertical and horizontal black bars. The text is centered horizontally on each line. The background is a plain, light grey wall.