

The Process to Negotiate Buying a Business

May 16, 2023

Steve Wolfson
SCORE Certified Mentor
steve.wolfson@scorevolunteer.org



FOR THE LIFE OF YOUR BUSINESS

Business Ownership

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

I'll take you through step by step what you will need to Close the Deal – Let's Begin



Show Me the Money



What Business Fits Your Experience and Your Skills?



- Focus on Targeting: Retail, Wholesale, Manufacturing, or Service
- What industry is a match for you? - Think out of the box
- Become an expert in your field and customers will find you

Finding the Right Seller Through Two Common Channels

The Business Broker

- The most common method to find a seller
- They are the Match Maker
- The seller pays the broker's fee
- They help you through most of the process

The Private Sale

- Use your networking contacts
- You're on your own to connect
- This is the Long Shot
- A SCORE Mentor will guide you through the process

Keep the Process Confidential!

You'll Need a Professional Team - Be Ready

Lawyer

Accountant

Business Insurance Agent

Banker

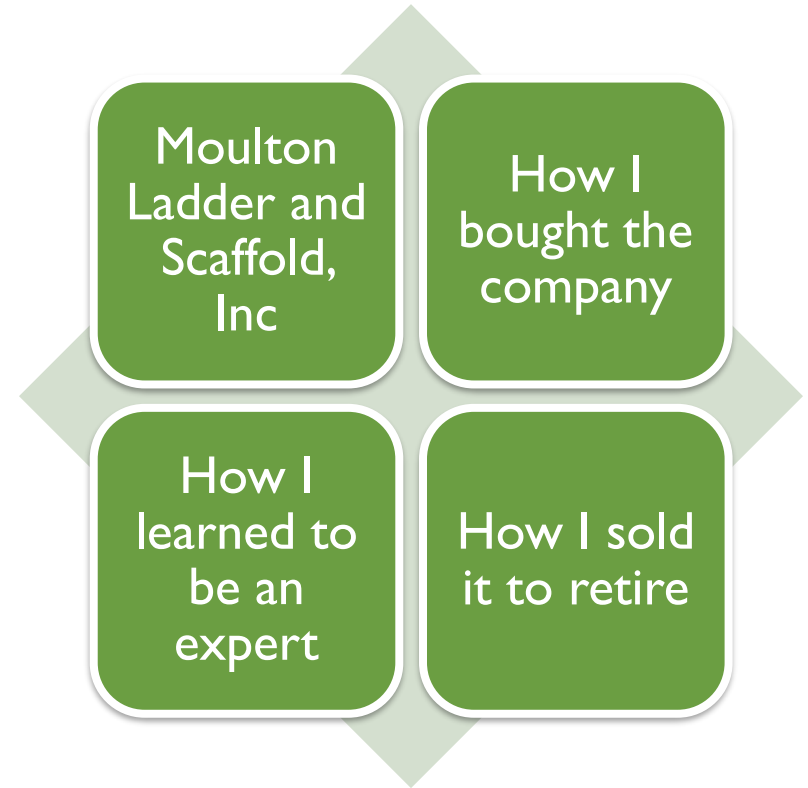
Family Support

SCORE Certified Mentor



We have contacts if needed!

My Previous Business



What Did You Say the Purchase Price Is?

Is it within your budget?

Everything now becomes negotiable

Seller provides their financials for review

Visit the business and start the Due Diligence process - I will explain

Question everything!

Sellers Note vs Full Payment

Value vs Sell Price



Dive Into the Sellers Financials With Your Accountant

Financial Statements,
Profit and Loss,
Balance Sheet, and
Cash Flow

Income Tax
Statements

Quickbooks or
Other systems

Is it and will it be
profitable?

What's the value?

You'll need between
three to five years of
data

Let's Talk Money



What you have learned so far



Letter of Intent - Use your lawyer



Will it be full price or Sellers Note



Where is your money coming from?



You will need the Sale Price, Working Capital, and Emergency Funds



SBA Loan - Down Payment, Business Plan, Your Credit Rating, Security

The SCORE Mentor



- Mentor can guide the process
- Mentor to the closing and beyond
- The Success Story Program



Ready to Make a Deal - Bring in Legal Support

- The seller's lawyer writes the asset or stock sale agreement
- Sellers note if there is one
- Security agreement with UCC-1 Lien
- Personal guarantee



More Legal Forms



Your lawyer should help with the Organization set-up



Non-Compete Agreement



Company Bylaws



Articles of Incorporation

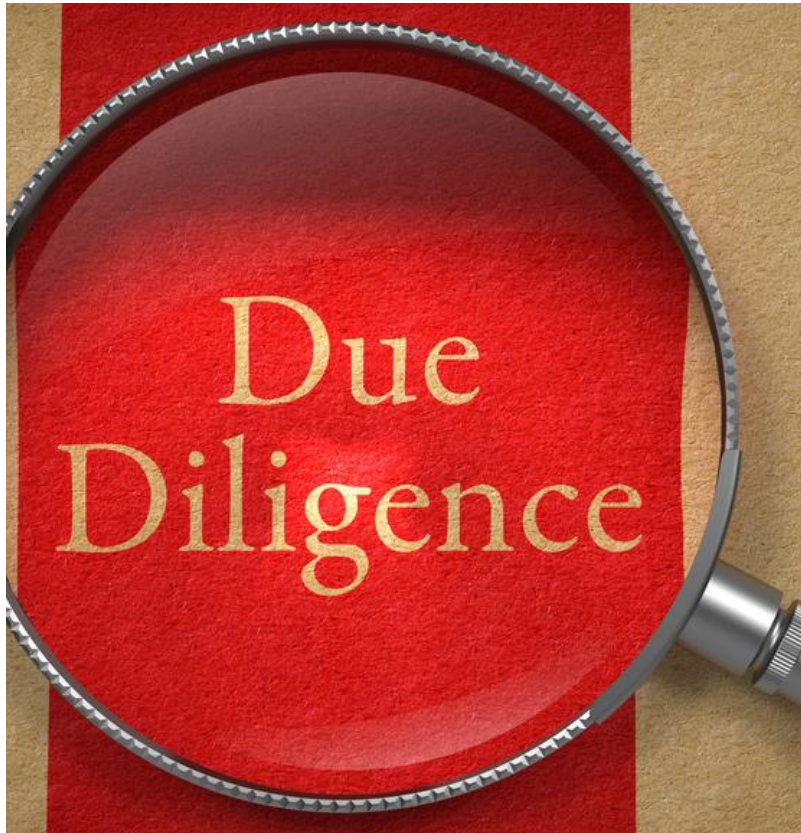


Bulk Sale Clearance



Bill of Sale Price Agreement

Buyers Due Diligence Right to Review



- You have the right to dig into Everything
- How does the business tick?
- Uncover any deal breakers
- Seller's training transition
- Your Accountant is a key player during and after the process
- The seller has their own Due Diligence on you

Buyers Due Diligence Check List - Not in Exact Order

Organization Set-up Structure

- LLC or S-Corp or C-Corp or Sole Proprietorship
- Purchase of seller's name

3 to 5 Years of Financials

- Profit and Loss statements
- Balance Sheet
- Cash Flow statements
- Income Tax Filings

Computer Systems - Paper Trail

- Quickbooks, Customer Records, Invoicing
- Inventory Control, Accounts Receivable
- Accounts Payable, Expenses
- Bank Statements, Payroll Records

Physical Assets

- Inventory, Equipment, Computers,
- Vehicles, Office Furniture, etc.

Facility

- Owned Real Estate, Landlord, Lease Agreement, Any other Locations

Buyers Due Diligence Check List - Not in Exact Order

Employees

- Company history, Job descriptions, Organizational chart
- Benefits, Salaries, Key Personnel, Employee Issues
- Company Handbook or Rules

Competition

- Major competitors, locations, territory covered
- Brick and Mortar, Internet, Sales Agents, Foreign

Vendors

- Product mix, Pricing list, Terms of Sale

Contracts

- Vendors, Government, Union, Utilities
- Vehicles, Equipment Lease, Customers, Etc.

Insurance

- Liability coverage, Property, Employees, Vehicles
- Safety concerns, Business interruption, Worker's coverage

Buyers Due Diligence Check List - Not in Exact Order

Customer List

- Mix, Reputation, Volume history, Major customers
- Top three customers, Target market, State Territory

Products or Service

- Sales group, Warranty claims, Back orders

Advertising

- Website, Social media, Printed material, Budgets, Brand recognition

Product Mix

- Potential to expand, Future customer needs, Industry future
- Selling process

Buyers Due Diligence Check List - Not in Exact Order

Intellectual Properties

- Trademarks, Copyrights, Patents, Consultants

International

- Customers, Locations, Agreements, Customer service, Shipping

Taxes

- Sales tax, Local and state requirements, Back taxes
- Licenses, Permits

Environmental Issues

- Property, Business neighbors, Township rules

The Closing Deal



- Be ready with your checkbook and a ton of documents to sign.
- As the new owner, your new journey begins!

Congratulations!

Key Takeaways



Buy a business that fits your skills and expertise, that has the potential to grow and prosper, and that you're satisfied with your decision.



Take a cold, hard look at how you plan pay for the business.



A Business Broker is the best way to broker a deal.



You'll need a team of professionals to assist you in the process.



Do your Due Diligence!



Make sure you have your legal ducks in a row before you sign.

Question & Answer



Thank you for your time and attention!



Steve Wolfson

Certified SCORE Mentor

Email: steve.wolfson@scorevolunteer.org

Web: <https://buckscounty.score.org/mentors/steve-wolfson>



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