



**BUSINESS LAW**  
— CENTER —

# BUYING A SMALL BUSINESS

How to Evaluate and Complete the  
Acquisition of a Small Business



# DISCLAIMER

- Nothing presented constitutes legal advice
- General overview
- Not intended for specific situation
- Laws and Facts may be different for your situation
- Consult with professionals before making decisions



## Presenter Intro

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Small business and tax attorney

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Minnesota and Arizona State Bars

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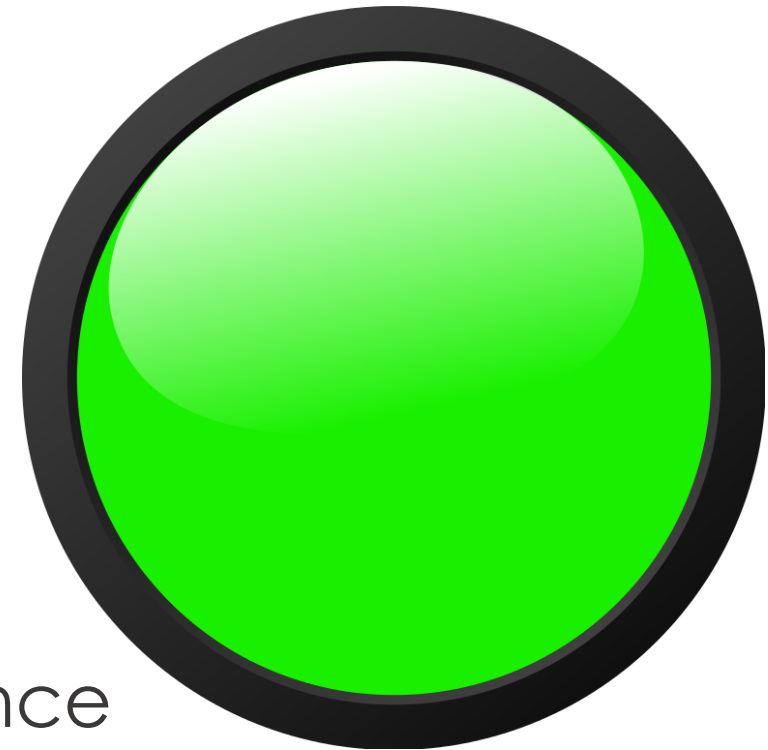
United States Tax Court Bar

# Buying a Small Business Topics

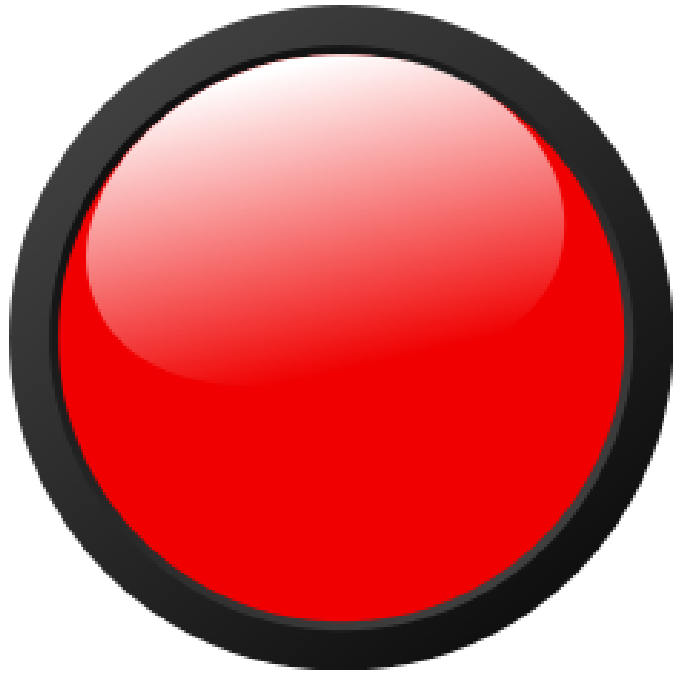
- Why Buy an Existing Small Business?
- Why not Buy an Existing Business?
- Questions to Ask Before You Start
- Identifying What You are Buying
- Deciding How Much to Pay
- How to Structure the Purchase
- How to Pay for the Business
- Making Sure you Get What you Paid For
- Making an Offer
- Due Diligence to Closing
- Working with Professionals

# Why Buy an Existing Small Business?

- Existing Customers and Products/Services
- Easier Bank Financing and Seller Financing
- Key Employees Already Identified
- Location and Processes Tested
- Existing Equipment and Inventory
- Previous Owners' Relationships and Experience



# Why Not to Buy an Existing Small Business?



- Old/Unsalable Inventory
  - Worn out Equipment
- Employee and Management Issues
  - Hidden Legal Issues and Liabilities
- Bad Reputation with Vendors or Customers
  - The Real Reason that the Seller is Selling

## Questions to Ask Before You Start

- Do you have the temperament to be a business owner?
- Do you have the tools to run a small business?
- Do you have sufficient industry experience?
- Do you have sufficient resources to buy the business and keep the doors open?
- Will you be able to feed yourself?



# Typical Process



- Discussions with the Business Owner(s)
  - Sign NDA and Gather Information
    - Review/Adjust Financials
    - Assess Financing Options and
      - Prepare a Letter of Intent
- Due Diligence and Identify Red Flags
  - Purchase Agreement
    - Closing

# Early Discussions with the Owner

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- Why is the owner selling?
- When did the owner decide to sell?
- How vital to the business is the existing owner?
- Who are the key employees?
- What preparations has the owner made to facilitate the sale to a new owner?
- What would the owner do to increase sales and profits? Why hasn't he or she done that?
- Is the seller willing to finance the transaction?
- What other expectations with the owner have?

# Information to Gather

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- Financials and tax returns
- Obtain business history, legal structure, marketplace information
- Copies of applicable buy-sell or operating agreements
- Franchise agreement
- License applications
- Intellectual property or trade secret agreements
- Employee, customer and non-compete agreements
- Customer warranties
- Staffing and production requirements
- Interparty, related party and family transactions

# Market Information

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- Identify specific products and/or services
- Pricing structure and rationale
- Required levels of inventory
- Vendor lists
- Customer lists
- Industry information
- Competition
- Identify geographic strengths and weaknesses

# Industry Information

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ADVANTAGE VALUATION SERVICES  
 12800 Whitewater Dr., Ste. 100,  
 Minnetonka, MN  
 952-943-3904  
 peter@avs-llc.com

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Sales Consulting

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**NAICS**                      **SIC**  
 541613                          8748-08

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**INDUSTRY DESCRIPTION**

This U.S. industry comprises establishments primarily engaged in providing operating advice and assistance to businesses and other organizations on marketing issues, such as developing marketing objectives and policies, sales forecasting, new product developing and pricing, licensing and franchise planning, and marketing planning and strategy.

**RULES OF THUMB**

**ANNUAL SALES INCLUDES INVENTORY**

33%

**PRICING TIPS**

Price paid should be affected by current accounts surviving the exit of the owner.

**BENCHMARK DATA**

Data for Statistics, Products and Services Segmentation, Major Market Segmentation, Industry Costs, Market Share, and Employment Size used by permission IBISWorld <https://www.ibisworld.com> (<https://www.ibisworld.com>)

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56144 Debt Collection Agencies in the US Industry Report.pdf - Adobe Acrobat

**IBISWorld**  
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**Paying off: The economic recovery will return balance to the industry**

**IBISWorld Industry Report 56144  
 Debt Collection Agencies in the US**

June 2014                      Daniel Carusotto

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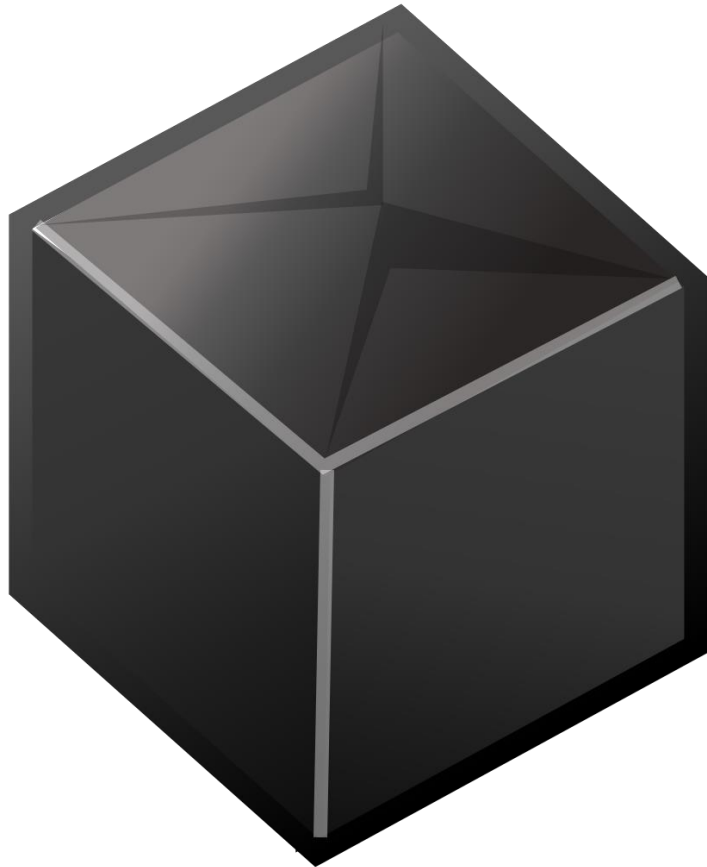
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# Red Flags



- High dependence on existing owners
- High customer concentration
- Family issues
- Minority owners you can't talk with
- Unprofessional financials – unreliable forecasts
- Unprofessional management and advisors
- Lawsuits, liens, licensing, or tax problems
- Industry shifts
- Bad financial processes
- Inconsistent stories

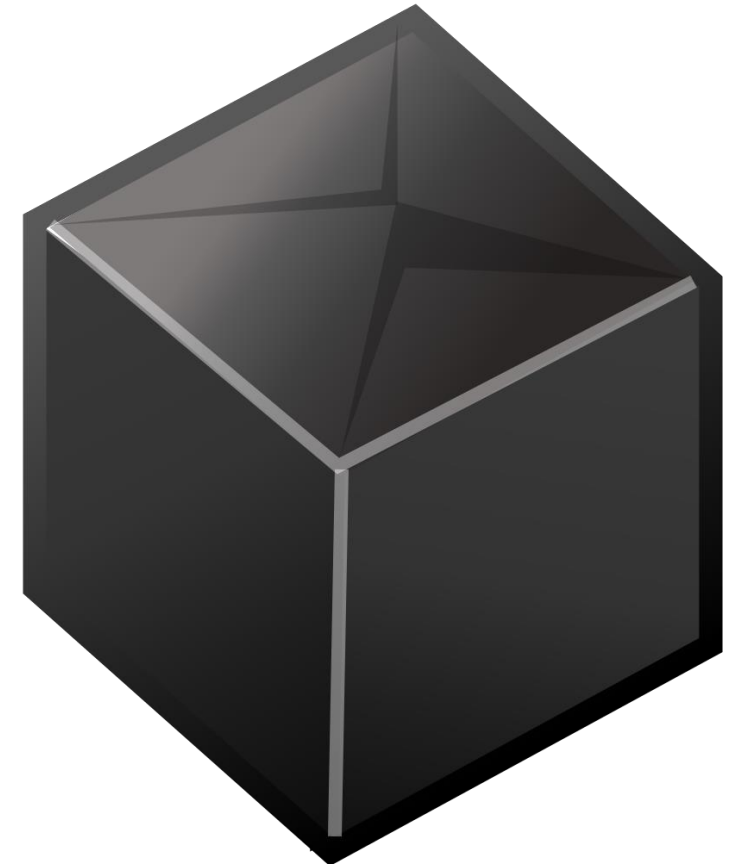
# Identifying What You are Buying



- The question that matters most is “What am I buying?”
- If you don't know what you are buying you won't know how to buy it or price it
  - **Black Box** Approach to business acquisition

# Identifying What You are Buying

- You are purchasing future profits – not past profits
- When buying assets you are buying what is necessary to meet expectations for future profits
  - Generally not buying cash in asset sale
  - In stock sale you are buying all assets and all liabilities
- Profits may or may not include asset appreciation



# What Goes in the Black Box?



**Black Box**

- The Black Box prints money
- You are buying the Black Box to print money for You in the future
- You may also buy the Black Box to sell to someone else
- What you are buying is everything that is necessary for the Black Box to print money in the future

# What Goes in the Black Box?

Branding  
Tradenames/Marks  
Patents and Copyrights  
Trade Secrets  
Recipes and Processes  
Key Employees  
Vendors and Customers  
Contracts  
Equipment  
Inventory  
Location  
Goodwill

**Black Box**



# What Goes in the Black Box?



# What Goes in the Black Box?



## Deciding How Much to Offer

- Willing Buyer and Willing Seller standard
  - True Value of the Business is What You Agree with Seller
- The value of a business to any person is determined by several factors:
  - Individual/Lifestyle Needs (Buying a Job)
  - Financial Return of the Business
  - Industry Factors
  - Strategic Factors

# Deciding How Much to Pay

## Value Drivers

Positive EBITDA/Cash  
Flows/Assets

Strong Customer List

Product/Service  
Differentiation

Strong Market Positioning

Strong Market Share

Intellectual Property and  
Trade Secrets

Location

Franchise

## Value Detractors

Unpredictable Earnings

Lawsuits

Loss of Customers

Labor Issues

Vendor Relationships

Tax or Regulatory Issues

Competition

Industry Shifts

# Typical Ways to Value a Small Business

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- Three Approaches to Valuing a Small Business:
  - Asset Approach (Book Value)
  - Income Approach (Income Value)
  - Market Approach (Market Value)

# Valuing the Assets: The Asset Approach

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- Almost never the right valuation method
  - Applies to distressed businesses
  - Also useful for holding companies
  - Otherwise, sets the floor for a company's value (a company can't be worth less than its assets)
- Two Primary Approaches:
  - Net asset value (total assets – total liabilities)
  - Liquidation value (total assets (discounted to liquidation value) – total liabilities))

# Valuing the Assets – What Gets Valued?

## ○ Tangible Assets

- Real property and leasehold improvements
- Equipment
- Furniture
- Vehicles
- Inventory<sup>^</sup>
- Accounts receivable\*

## ○ Intangible Assets

- Goodwill
- Patent and Copyrights
- Controlled Territories
- Customer and Supplier Lists and Contracts
- Employee and Non-Compete Agreements

# What Would You Pay for Simple Foods, Inc.?

- **If a Business Will Make \$1 Million in the Next Five Years?**
  - How certain are you of the return?
  - What risks/opportunities are there?
  - Time value of money
  - How does the business compare with others in your industry (RMA data)
- **What is your expected return?**
  - Are you buying a job or an investment?
  - What are alternative investments?
- **Would the price change if you must borrow money to buy the business?**

# Income Value and Market Value

- Most Income and Market Valuations Follow One Basic Formula:

$$\text{Value} = (\text{Benefit Stream}) \times (\text{multiple})$$

- The Benefit stream is usually net income, EBITDA, cash flow or Seller's Discretionary Earnings (SDE).
  - It can be historic or projected.
- The multiple is usually a reflection of risk. The greater the risk of achieving the benefit stream, the lower the multiple.

# The Benefit Stream – Analyzing and Adjusting Financials

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- Identifying the multiples is the easy part
- The most difficult challenge is identifying and quantifying the benefit stream
  - Requires choosing between past earnings and projected earnings
  - Requires selecting the right number of years
- Business Value is Derived from Market Data Which Assumes Consistent Financial Reporting
- All Valuation Methods Rely on Financial Statements to Determine the Benefit Stream
- You Should Adjust the Financial Statements so the Benefit Streams Reflect True Business Operations

# Where to Start – Analyzing and Adjusting Financials

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- Income Statement Adjustments for Simple Foods, Inc.
  - Business has \$4.5 mil in revenue, \$600,000 in gross profit, and \$17,000 in Net Income.
  - Owner owns building and pays rent that is \$90,000 more than market rate
  - Hires daughter to do bookkeeping for \$25,000 (value of \$5,000)
  - Pays himself Salary of \$100,000 (value \$50,000)
  - Pays \$10,000 for a car for son
  - Had a lawsuit in 2023 that cost \$11,000 in attorney's fees
  - Has \$20,000 in income from a personal investment
  - Balance sheet shows assets exceed liabilities by \$2,950,000
  - Owns a Cabin for Owners personal use with loan total \$1.75MM

# Where to Start – Making Balance Sheet Adjustments

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- Adjust Balance Sheet Entries to Show Actual Business Operations
  - Adjust for Old and Expired Inventory
    - Adjust to Current Value
    - Unsalable Inventory Should Have Zero Value
  - Adjust for Suspect Receivables
    - Anything Over 90 days to over 180 days
    - Related Party Receivables Should Be Eliminated
- Non-business Related Assets and Liabilities
  - Investment Assets Should be Removed
  - Owner and Related Company Loans Removed
  - Excess cash Should be Adjusted

# Where to Start – Making Balance Sheet Adjustments

	<u>Reported</u>	-	<u>Adjusted</u>
<b><u>Assets</u></b>			
Cash	300,000.00	(100,000)	200,000.00
Acct. Rec.	1,250,000.00	(510,000)	740,000.00
Inventory	800,000.00	(400,000)	400,000.00
Land and Buildings (after dep.)	2,500,000.00	(2,500,000)	-
FF&E (after dep.)	100,000.00	600,000	700,000.00
Investment (Stock)	<u>750,000.00</u>	(750,000)	<u>-</u>
<b>Total Assets</b>	<b>5,700,000.00</b>		<b>2,040,000.00</b>
<b><u>Liabilities</u></b>			
Shareholder Loan	(1,000,000.00)	1,000,000	-
Loan related to Cabin	(1,750,000.00)	1,750,000	-
<b>Total Liabilities</b>	<b>(2,750,000.00)</b>		<b>-</b>
<b><u>Equity</u></b>			
Common Stock	1,000		1,000
Retained Earnings	2,949,000		2,039,000
Total Equity	2,950,000		2,040,000
<b>Total Liab. &amp; Equity</b>	<b>5,700,000</b>		<b>2,040,000</b>

# Where to Start – Making Income Statement Adjustments

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- Adjust P&L Entries to Show Actual Business Operations
  - Unusual (non-recurring) expenses
    - Professional fees (audit, litigation)
  - Non-business related expenses
    - Rental/vacation property, personal expenses
  - Owner/Officer Compensation
    - Too high and too low
    - Money paid to family members
  - Related entity transactions
    - Income and expenses to controlled companies
    - Rent, loans, consulting and management fees

# Where to Start – Making Income Statement Adjustments

	<u>Reported</u>	-	<u>Adjusted</u>
Revenue	\$ 4,500,000	-	\$ 4,500,000
COGS	<u>\$ 3,900,000</u>	<u>-</u>	<u>\$ 3,900,000</u>
Gross Profit	<b>\$ 600,000</b>	-	<b>-\$ 600,000</b>
Owner Comp.	\$ (100,00)	(50,000)	\$ 50,000
Salaries and Wages	\$ 200,000	-	\$ 200,000
Payroll Taxes	\$ 30,000	-	\$ 30,000
Depr.	\$ 20,000	-	\$ 20,000
Amort.	\$ 1,000	-	\$ 1,000
Rents	\$ 190,000	(90,000)	\$ 100,000
Professional Fees	\$ 12,000	(11,000)	\$ 1,000
Auto	\$ 10,000	(10,000)	\$ -
Bookkeeping	<u>\$ 25,000</u>	<u>(20,000)</u>	<u>\$ (5,000)</u>
Income from Op.	<b>\$ 12,000</b>		<b>\$ 193,000</b>
Interest Exp.	\$ 15,000		\$ (15,000)
Non-operating inc.	<u>\$ 20,000</u>	<u>(20,000)</u>	<u>\$ -</u>
Net Income (Loss)	<b>\$ 17,000</b>		<b>\$ 178,000</b>

# Net Income, EBIT, EBITDA, and SDE

<b>Net Income (Loss)</b>	<b>\$ 17,000</b>	<b>\$ 178,000</b>
Plus: Income Taxes	<u>0</u>	<u>0</u>
<b>EBT (Earnings Before Taxes)</b>	<b>\$ 17,000</b>	<b>\$ 178,000</b>
Plus: Interest Expense	<u>\$ 15,000</u>	<u>\$ 15,000</u>
<b>EBIT (Earnings Before Interest and Taxes)</b>	<b>\$ 32,000.00</b>	<b>\$ 193,000.00</b>
Plus: Depreciation and Amortization	<u>\$ 21,000.00</u>	<u>\$ 21,000.00</u>
<b>EBITDA: (Earnings Before Interest, Taxes and Depr.)</b>	<b>\$ 53,000.00</b>	<b>\$ 214,000.00</b>
Plus: Owner's Compensation	\$ 100,000.00	\$ 50,000.00
Less: Manager's Salary (one working Owner)	<u>\$ (50,000.00)</u>	<u>\$ (50,000.00)</u>
<b>SDE (Seller's Discretionary Income)</b>	<b>\$ 103,000.00</b>	<b>\$ 214,000.00</b>

# Income Value (Valuing Future Income Streams)

- Typical for formal valuations, gift tax, ESOP, litigation
- Uses company financials for benefit stream
- Estimates investor risk rates for the multiple
- **Capitalized Earnings**
  - (Historic cash flows or net income) x (capitalization rate)
- **Discounted Future Earnings**
  - (Projected cash flows or net income) x (discount rate)

# Income Value (Valuing Future Income Streams)

As shown, the Total Entity Value of ServiceCo. Services, Inc. based on the **Capitalization of Earnings** method is estimated to be \$944,034.

In the Capitalization of Earnings method, normalized **Weighted Average Net Income** is divided by the **capitalization rate, 21.05%**, to determine Total Entity Value.

Capitalization of Earnings	Normalized Net Income	Weighting Factor	Weighted Earnings
Fiscal Year End 2013	205,567	1.0	205,567
Fiscal Year End 2014	188,311	1.0	188,311
Fiscal Year End 2015	224,857	1.0	224,857
Fiscal Year End 2016	176,142	1.0	176,142
Sum of Weighted Earnings			794,877
Divided by: Sum of Weighting Factors			4.0
<b>Weighted Average Net Income</b>			<b>198,719</b>
Divided by: Historic Capitalization Rate			21.05%
<b>Total Entity Value</b>			<b>944,034</b>
<b>Calculated Equity Value</b>			<b>944,034</b>

# Market Value (Using Guideline Company Data)

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- Most common approach for buying and selling a small business
- Uses company Revenue, EBIT, EBITDA or SDE as the benefit streams
- Uses comparable business sale data as the multiple
  - Public company data (not useful for small private companies)
  - Private company transaction data
  - Industry multiples (Rules of thumb)

# Market Value (Using Guideline Company Data)

- **Private Company Transaction Data Sources**
  - Pay sites only
  - Key Value Data, BIZCOMPS, Pratt's Stats, Done Deals, Mid Market Comps, MergerStat
- **Using Multiples**
  - Price to **seller's discretionary earnings, price to sales, price to cash flow, prices to assets**
  - Number of comparable companies, reliability of value
- **Private Company Data Limitations**
  - Geographic differences, age of data, accuracy
  - Non-disclosed information (non-compete agreements, consulting agreements, intellectual property issues)

# Market Value – Valuing Simple Foods Inc.

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- **Simple Foods Inc. Details:**
  - Frozen Orange Juice Manufacturing
  - \$4.5 MM in Revenue
  - \$214,000 in Seller's Discretionary Earnings
  - Assets are Equal to Liabilities

# Market Value (Using Guideline Company Data)

## Subject Business

SIC	NAICS	Business Description	Revenue	SDE	Inventory	FF&E	Rent/Revenue	Franchise Royalty	Employees
2037	311411	Fruit Juice Processor	120	40	1	50	29.0%	No	4
2037	311411	Mfg-Desserts	1,544	242	85	100		No	19 FT / 1 PT
2037	311411	Mfg-Frozen Foods	639	299	20	95	2.9%	No	7 FT / 1 PT
2037	311411	Mfg-Frozen Foods	1,631	271	0	401		No	
2037	311411	Mfg-Frozen Foods	1,631	271	80	401	3.3%	No	13
2037	311411	Mfg-Frozen Foods	208	62	0	46	19.0%		10 FT / 1 PT
2037	311411	Mfg-Niche Food Products	176	43	16	18	11.0%	No	4

## Transaction

Asking Price	Price	Price / Revenue	Price / SDE	Down Pmt	Terms	Days on Mkt	Sale Date
110	110	0.92	2.75			360	8/7/2009
910	700	0.45	2.89	100%			11/18/2014
729	699	1.09	2.34	49%	10 @ 8.8%	212	10/31/2008
850	712	0.44	2.63	82%	1 Yr @ 8%	665	6/30/2008
770	733	0.45	2.70	16%	10 Yrs @ 10%	645	6/16/2008
250	130	0.63	2.10	100%		45	10/24/2003
143	134	0.76	3.12	40%		45	3/8/2013

# Market Value (Using Guideline Company Data)

All Transactions					
	Revenue	SDE	Price	Price / Revenue	Price / SDE
Low	\$120	\$40	\$110	0.44	2.10
High	\$1,631	\$299	\$733	1.09	3.12
Mean	\$850	\$175	\$460	0.68	2.65
Median	\$639	\$242	\$699	0.63	2.70
Harmonic Mean	\$314	\$88	\$234	0.60	2.61
Standard Deviation	\$724	\$120	\$314	0.26	0.34
Coefficient of Variation	0.85	0.69	0.68	0.38	0.13
Count	7	7	7	7	7

# Market Value (Using Guideline Company Data)

	<u>Price / Revenue</u>	<u>Price / SDE</u>
Mean	0.68	2.65
Median	0.63	2.70
Harmonic Mean	0.60	2.61
Coefficient of Variation	0.38	0.13
Select Multiple	Mean	Mean
Base (Revenue or SDE)	4,500,000	214,000
Selected Multiple	0.68	2.65
Asset Value	3,044,735	566,351

# Market Value – Using Industry Multiples

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- Brokers typically rely on industry multiples when pricing a business
- Not a legally reliable valuation method
- It is useful for figuring out ranges and is very easy to understand and communicate
- Provides multiples for a wide variety of benefit streams:
  - Gross Revenue
  - EBIT
  - EBITDA
  - SDE
  - Assets
- Most reliable when all relevant methods have similar results

# Market Value – Using Industry Multiples

## Example Company Financials:

\$4,500,000 Gross Revenue

\$214,000 EBITDA

\$214,000 SDE

## Industry Multiples:

20%-30% Gross Revenue

2.5-3.5 x EBITDA

1-3 x SDE

## Gross Revenue Calculation:

$10\% \times \$4,500,000 = \$450,000$

$30\% \times \$4,500,000 = \$1,350,000$

## EBITDA Calculation:

$2.5 \times \$214,000 = \$535,000$

$3.5 \times \$214,000 = \$749,000$

## SDE Calculation:

$1 \times \$214,000 = \$214,000$

$3 \times \$214,000 = \$642,000$

# What Would You Pay for Simple Foods, Inc.?

- **If a Business Will Make \$1 Million in the Next Five Years?**
  - Sanity Checks for any valuation method
  - How certain are you of the return?
  - What risks/opportunities are there? (Don't pay for growth the Seller hasn't achieved)
  - Time value of money
  - How does the business compare with others in your industry (RMA data)
- **What is your expected return?**
  - Are you buying a job or an investment?
  - What are alternative investments?
- **Would the price change if you must borrow money to buy the business?**

## How to Structure the Purchase

Businesses are generally sold in one of two ways:

1. You buy the assets of the company; or
2. You buy the equity ownership (stock, membership units, partnership interest) that controls the assets

You are either buying company stock or company assets.

# Asset Sales

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Most typical small business structure

- Purchasing Only the Assets You Need
- Assumes Only Specific Liabilities or No Liabilities at All
  - Avoids Hidden Liability Issues
- Avoids Most Minority Shareholder Issues with Majority Approval of Sale
- Tax Favorable for Buyer, Not the Seller
- Company Contracts Have to be Assigned
- Loses the Benefits of the Company's Operation History

# Stock (Equity) Sales

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- Less Typical Structure but Still Common
  - Seller Favored
  - Acquiring Control of the Entire Company Assets and Liabilities
  - Retains Operations History
  - Generally, Retain Existing Contracts and Liabilities
  - Retains Most Cash and May Also Include Receivables
  - Hidden Liabilities (Employment Claims, Warranty Claims, Etc.)
  - Structuring a stock sale as an asset sale (Section 338 Election)

# How to Pay for the Business

## ○ **Cash Sale**

- Requires deep pockets or bank financing/good credit and 20%-30% down
- Easier to motivate the seller – risk is only on buyer
- Simpler closing

## ○ **Seller Financed**

- Risk shifts from buyer to seller - 0%-50% down
- Motivates the seller to make business successful
- More complex closing

# How to Pay for the Business

- **Earn-out**
  - Payments tied to business performance
  - Most appropriate with risky income streams and owner dependent businesses
  - Complicated transaction with continued owner involvement and oversight
- **Alternative Finance Methods**
  - Private equity partnership
  - State and municipal loan and grant programs
  - Private offering
  - ESOP's
  - Tax free mergers

## Making an Offer

- First step in making an offer is generally a Letter of Intent (“LOI”)
- May be prepared by buyer or seller
- Should identify material terms like price, structure and payment
- Should be non-binding\*
- Should be exclusive and confidential

## Due Diligence

- Once an LOI is executed you need to scrub the business:
  - Verify title for assets, and do lien searches for businesses and owners
  - Credit and judgment search, tax filings review (sales, withholding, income) and outstanding warranties
  - Interview key employees, customers, and vendors
  - Inspect the facility, equipment, and inventory

# Due Diligence

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Review lease agreement – is it assignable or do you need a new lease

Is the rent reasonable for the market?

Review employment agreements, benefit plans, and non-competes

Are customer contracts assignable, will the customer come with you?

Review POS data and compare to financial data – evidence of employee theft or something else?

Identify all intellectual property and how it is protected

Examine processes and redundancies

Develop a business plan (operational changes, plan for keeping or replacing employees, additional capital requirements).

Work with owner to establish a transition plan

## Closing the Deal

- Once due diligence has started, you can negotiate the purchase agreement
  - Equity sale is a Stock Purchase Agreement or Unit Purchase Agreement
  - An asset sale is an Asset Purchase Agreement
- A Purchase Agreement is usually binding, so when you sign is important
- Don't sign until you are certain that, if everything checks out the way they have represented, you can and will buy the business

# Closing – Making Sure You Get the Black Box

- You Need to Receive Everything that Goes into the Black Box

Branding  
Tradenames/Marks  
Patents and Copyrights  
Trade Secrets  
Recipes and Processes  
Key Employees  
Vendor and Customer Contracts  
Equipment  
Inventory  
Location  
Goodwill

# Closing – Making Sure You Get the Black Box

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## Purchase Agreement Should be Written to Give You the Power to:

- Keep key employees
  - New employment agreements
  - Non-compete agreements
  - Benefit plans
  - Separation and non-disparagement agreements
- Keep all owner related goodwill
  - Clear and extensive consulting agreement or employment agreement
  - Non-compete agreement
  - Non-disparagement agreement

# Closing – Making Sure You Get the Black Box

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## Purchase Agreement Should be Written to Give You the Power to:

- Use trade name, intellectual property, and trade secrets
  - NDA's, confidentiality agreements
  - License agreements
  - Copyright, trademark or patent filings and renewals
  - Websites and domains
- Use the facility and equipment
  - Lien releases from seller and owners
  - Assignment of equipment leases by lessor
  - Assignment of existing lease, modified to suit your needs

# Closing – Making Sure You Get the Black Box

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## Purchase Agreement Should be Written to Give You the Power to:

- Offset substantial changes to inventory or equipment
  - Purchase price adjustment for bad or unusable inventory
  - Purchase price adjustment for defective equipment
  - Purchase price adjustment for bad receivables
- Control communications about the transition with everyone
- Control the collection process for receivables
  - Payments made to your company so you don't have to collect later
  - All communications with existing customers approved by you
  - Assignment of existing lease, modified to suit your needs

# Closing – Documents You May Need

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- Purchase agreement
- Promissory note
- Security agreement
- Consulting agreement
- Non-compete agreement
- Contract assignments, intellectual property assignments
- Bill of Sale
- Lien releases
- Consents from licensing bodies, franchisor, lender
- Minutes from company approving the sale
- Attorney opinion
- Environmental studies and approvals
- Releases from terminated employees

# Professionals You May Need

- Attorney
- CPA
- Banker
- Business Appraiser
- Broker – Working with a Broker
- Real Estate Agent

**If you have any questions about any of this, you may call or email me. Let me know you were at this seminar, and I will be glad to give you some time. Not too much, but some.**

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