

Ten Steps to Buying a Business

Step 1-Our first meeting

At our first meeting we will clarify your goals, interests, income requirements, investment level, and time frame for getting into business. We will explore businesses that meet your criteria.

Step 2-Review

You will review the information on the company or companies for sale. Check out their websites. Make a list of unanswered questions. Try to picture yourself growing this business.

Step 3-Visit the business

If the business is open to the public, we recommend that you drop by - unannounced - to get the same treatment/impression that a customer would get. Imagine yourself running the company. You need to be able to picture yourself in the business before you take step 4.

Step 4-Meet with the seller

If there is genuine interest in the company, you need to sit down face-to-face with the seller. A meeting will be arranged for you, the seller and the agent. This is typically held at the agents office, or after hours at the sellers place of business. This is the time to ask general to probing questions on anything and everything (but not the time to begin negotiations on price and terms!).

Step 5-Preliminary evaluation

It is now time to review the information you've received in greater detail. You may want to do your own projections of earnings for the next three years based on the history of the company and your anticipated improvements. You may choose to do some research into the general industry if you are unfamiliar

with it. Make a list of all the changes you would make if it were your business.

Step 6-Make an offer

Your agent will assist you in preparing a written offer. The offer will include contingencies which will allow you to confirm the information you've received and to validate assumptions you've made. Three of the most common contingencies are a contingency upon approval of financials, a contingency upon assignment or transfer of the lease, and a contingency upon obtaining financing.

Step 7-Agree on price

Your offer may often receive a counter offer. This document may go from seller to buyer several times until a price is agreed upon.

Step 8-Due diligence

This is the time to look closely at the accounting records of the company, and to inspect the facility, equipment and inventory to insure that your assumptions are valid.

Step 9-Documents prepared for closing

You will receive a checklist from your agent that lists what to do to prepare for closing. An escrow attorney will draft all necessary legal documents to comply with the agreement that you and the seller have reached. Typically the buyer and seller share the closing expenses.

Step 10-Close and celebrate!

Close the purchase and begin your first day as the owner of your very own business. The seller will be available to assist in the transition of the business. Now you and your family are part of the American dream - you own your own business!