

What It Takes to Buy a Business...

The 20 Step Buying Process

1) Commitment

You make a commitment to purchase a business at a price and terms consistent with the marketplace.

2) Disclosure

You sign an agreement promising to maintain confidentiality for all the information provided to you on the business that we discuss.

3) Background Information

You provide us with information about yourself, such as a resume and financial statement. The more we know about you, the more likely we can find a business you will like. And the more information we provide to the seller, the better the terms he will consider.

4) Review

We will then discuss and review information about a business that may appeal to you.

5) Showing

We will show you the business you are interested in including any issues with the important factors of each.

6) Meeting

Probably a meeting among you, the Seller and us. This gives you the chance to ask detailed questions you may have about the business, and to describe your qualifications to the Seller.

7) Offer to Purchase

You complete, with our assistance, an offer for the business you like. Your offer will be a "contingent offer" meaning it is non-binding until your conditions have been met. Typically, earnest money is provided by you at this time to demonstrate your seriousness to the Seller.

8) Present Offer

We present your offer to the Seller

9) Background

We give to the Seller your background and financial information, experience and point of view in arriving at the offering price, terms and conditions. Favorable background information about you will make it more likely for the Seller to give a favorable consideration to your offer.

10) Explanation

We carefully explain the terms and conditions of the offer to the Seller and their decision makers.

11) Acceptance

The Seller accepts the offer as it is written or makes a counter offer.

12) Mutual Acceptance

When you and the Seller agree to all terms and conditions of the offer, it becomes a valid agreement.

13) Inspection

If necessary you can meet with Seller to further examine the operation and the financial records of the business. This may include your accounting advisor.

14) Contingency Removal

If there are conditions in your offer and they are satisfied, you will remove all contingencies in the agreement. It is now a binding agreement.

15) Lease Assignment

When there is a lease involved we will work with the landlord to get an assignment of the current lease or a new lease for you.

16) Open Escrow

We provide all necessary documents to the transferring attorneys so they can prepare the closing papers.

17) Lien Search

In most states, the escrow attorney performs a lien search on the business to identify secured creditors, if any.

18) Inventory

Arrangements are made for you and the Seller to count and price the inventory (if required).

19) Closing

All parties meet to sign documents and complete the business transfer.

20) Transitional Training

In order to insure a smooth and successful transition of ownership, it is customary that the Seller continue to work with you in the business for a specific period of time following the closing date. This period varies depending upon the size and complexity of the business purchased as well as what is agreeable to both parties.