

BUSINESS GUIDE:

# How to Sell My Business - eBook



Results Business Advisors



# 1 Business Valuation

Business valuation methods can vary widely from book value and liquidation value, etc. Our evaluations are based upon fair market value, defined as what a buyer, under no undue duress, will pay and what a seller, under no undue duress will accept.

We provide a range of values that we know will attract well-qualified buyers to the process. Seller's discretionary cash flow, free cash flow or Net Owner Benefit are terms to describe the amount of annual dollars that are available to a buyer to satisfy debt service, a livable wage and a good Return on Investment.

This number is adjusted for amount of business assets, such as furniture, fixtures and equipment, plus intangibles, such as customer lists, contracts, and patents. Industries have various rules of thumb differences we know well from our many years of listing and selling businesses.

These are seven widely accepted important valuation factors:

- EBITDA Size
- Revenue Trends
- Profit Margins
- Customer Concentration
- Industry Concentration
- Strength & Depth of the Management Team
- Competitive Advantages



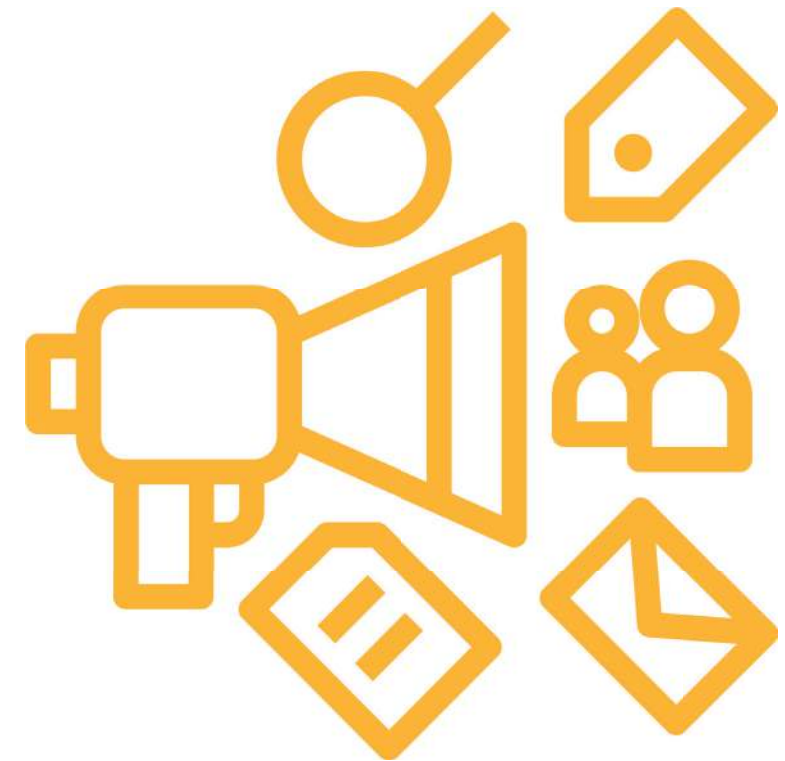
## 2 Listing Business for Sale

Once we have suggested a range, the seller determines the asking price, based on the owner's goals, timeframe and urgency for selling. An exclusive listing agreement is signed, which defines each of our roles in the process, compensation, effective period and other terms.



## 3 Confidential Advertising/Marketing

As we have gathered most of the information on the business to complete our business valuation, this information is then formatted with any additional items (photos, promotional materials, Word from the Owner, etc.), to put together an offering package and postings on all major business for sale websites, in addition to our own [www.resultsba.com](http://www.resultsba.com). We access our extensive database of potential buyers to immediately present a new listing to the buyers whose criteria closely match the new listing information.



## 4 Fielding Buyer Inquiries and Financially Qualifying Buyers

When a potential buyer inquires about one of listings or responds to our outreach, we first get a Non-Disclosure Agreement and Buyer Confidential Information form completed, or updated, and signed. We ensure that the buyer understands the seriousness of confidentiality and is willing to allow us to briefly vet them as to the ability to afford a reasonable down payment and has some applicable background to pass muster with lending institutions in the event financing is a necessity.



## 5 Business Tours/Seller Meetings

Once a buyer has returned a signed NDA, we provide all the confidential business information, including financials (tax returns and profit/loss statements and balance sheet). We answer buyers questions and move them toward meeting with the seller as soon as possible to get a read on the development of rapport between seller and buyer. Without this connection, there will likely be no deal. We coach the seller on how to present the business, and privately address any issues that require disclosure.



## 6 Negotiating Offers/Counter-Offers

Once a buyer has enough information and has decided to make an offer, an Offer to Purchase form (we provide) or a Letter of Intent (often drawn up by the buyer's counsel) is the next step. We usually assist the buyer in determining the applicable contingencies and conditions that attach to the offer. We advise that an earnest money deposit, a deadline for response and a signature are crucial to give the seller confidence the offer is indeed valid. All offers are presented, and the seller can accept, reject, counter-offer, or ignore.



## 7 Assisting Buyer to Obtain Financing

Once a deal has been reached by the seller and buyer, we move quickly to get the closing checklist underway. Determining how the deal will get funded is usually the first step.

Buyers come to the process from many different perspectives. Some are trying to buy a job, others are already business owners and want to expand their holdings, some are purely business investors. For those buyers who have sufficient resources for a reasonable down payment, but cannot, and would not, pay full price up front, we have experience and relationships with numerous local, regional and national bankers and non-bank lender, to whom we can refer buyers to obtain acceptable lending rates and terms. If Small Business Administration loan guarantees are likely, we assist the buyer in preparing preliminary information gathering the lending bank will need.

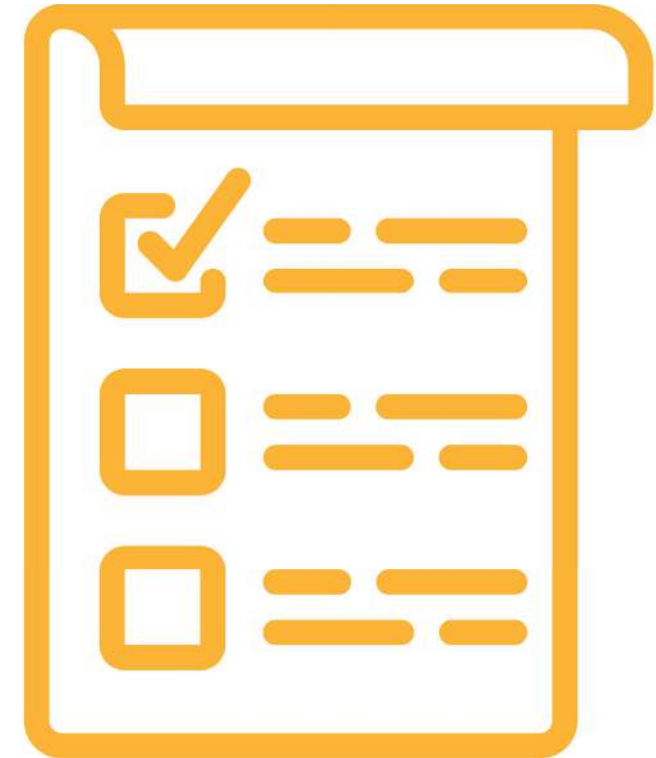




## 8 Completing Due Diligence

Getting the full and complete information required to complete the deal is paramount. Many details beyond sale price need to be dealt with, negotiated or documented, including possible lease(s), lenders requirements, assets and appraisals, etc.

We assist in getting all Buyer questions and concerns satisfied, all lender financial questions answered and all details for the sale documentation confirmed.



## 9 Preparing Sale Documents

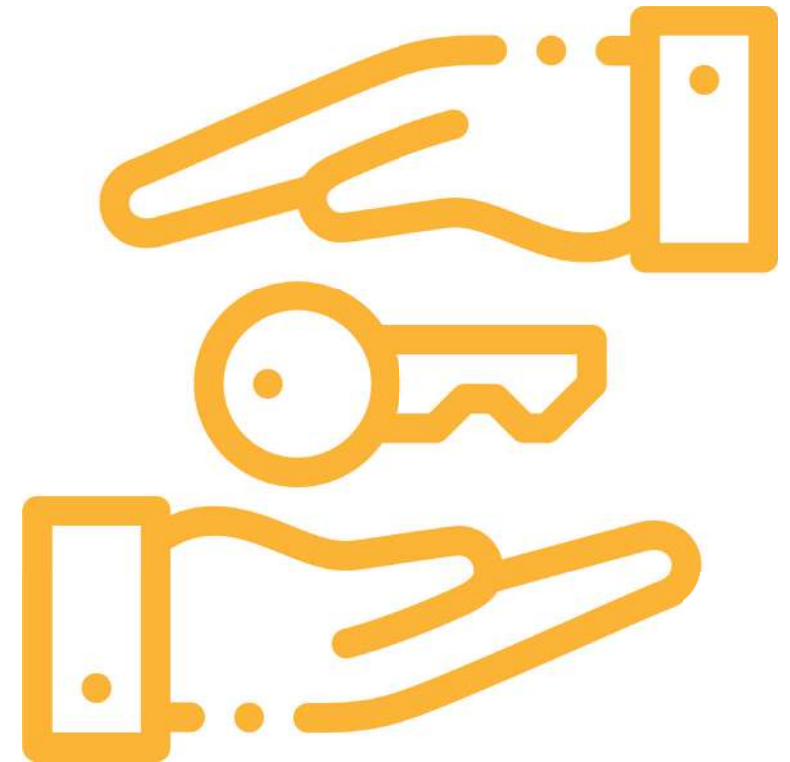
Usually, the seller or possibly the buyer will want their attorney and accountant to prepare the sale documents. Bill of Sale, Asset Purchase Agreement or Stock Sale Agreement, Asset List, Non-Complete/ Non-Solicitation Agreement, Transition Agreement and Independent Contractor/Employee Agreement are typical documents. On smaller deals, we can assist in this process to minimize out of pocket costs.



# 10 Closing

The day has arrived at last! This is the last remaining step in the process to sell a business, and where the final transition takes place. By this time, all questions have been addressed, titles are signed, keys are given to the buyer and funds are disbursed by the lender or buyer. This day marks a new chapter in both your life and the buyer's.

**CONGRATULATIONS!!!**



If you're ready to sell your business, call Results Business Advisors for a free, no-obligation consultation today.

**(402) 913-9080**

