

Business Sale Process



Introduction

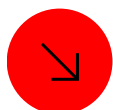


Thank you for downloading our guide to the Business Sales Process. This guide will cover several key factors you should know when selling your business. We will cover Business Valuations, Marketing the Business, Screening Buyers, the Due Diligence process, final Sales Agreements, and Ownership Transfer.



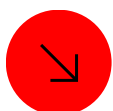
Step 1: Business Valuation & Pricing

Determining the right price for your business is crucial to attracting serious buyers while ensuring fair market value.



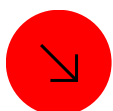
Work with a business broker or M&A advisor, to assess the current business value.

- The goal is to obtain an (MPSP) Most Probable Sales Price

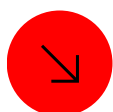


There are three primary valuation approaches.

- Market Approach: Compares similar businesses sold recently
- Asset-Based Valuation: Calculates the net asset value of the business
- Income Approach: Uses projected future earnings and cash flow



Evaluate profitability, industry trends, growth potential, and risk factors



Set a competitive but realistic asking price to avoid deterring buyers

Step 2: Preparing the Business for Sale

PROPER PREPARATION SIGNIFICANTLY IMPACTS YOUR BUSINESS'S PERCEIVED VALUE AND ATTRACTIVENESS TO BUYERS.



Key Actions:

- Ensure financial records are accurate, organized, and up to date (P&L statements, balance sheets, tax returns).
- Address operational inefficiencies to improve profitability.
- Ensure all contracts (customer, supplier, lease agreements) are current and transferable.
- Reduce owner dependency by creating operational manuals and training key employees.
- Strengthen branding and customer relationships to increase desirability.

Step 3: Marketing the Business

A STRONG MARKETING STRATEGY WILL HELP ATTRACT THE RIGHT BUYERS WHILE MAINTAINING CONFIDENTIALITY.



Key Actions:

- Develop a business prospectus or Confidential Information Memorandum (CIM) with financial summaries and business highlights.
- Use a **business broker, or M&A advisor**, to leverage online listing platforms or industry-specific marketplaces to find buyers.
- Maintain confidentiality by using blind listings and non-disclosure agreements (NDAs).
- Highlight unique selling points (strong customer base, recurring revenue, proprietary technology).

Step 4: Screening & Negotiating with Buyers

SCREENING POTENTIAL BUYERS ENSURES YOU'RE ENGAGING ONLY WITH SERIOUS AND FINANCIALLY QUALIFIED CANDIDATES.



Key Actions:

- Qualify buyers by assessing their financial background and intent.
- **Use NDAs** before sharing detailed financials and sensitive business information.
- Engage in structured negotiations to agree on price, payment structure, and contingencies.
- Consider seller financing, earnouts, or performance-based payments to facilitate deals.
- Stay professional and objective, working with an attorney or broker to handle negotiations

Step 5: Due Diligence Process

DUE DILIGENCE ALLOWS THE BUYER TO VERIFY ALL FINANCIAL, OPERATIONAL, AND LEGAL ASPECTS BEFORE FINALIZING THE SALE.



Key Actions:

- Prepare organized documentation: tax filings, financial statements, business licenses, employee contracts.
- Be transparent and ready to answer questions about business performance.
- Address any red flags proactively to prevent deal breakdowns.
- Allow buyers to inspect operations but maintain confidentiality where necessary.
- Work with a business broker and attorneys to navigate complex inquiries.

Step 6: Finalizing the Sale Agreement

FINALIZING THE PURCHASE AGREEMENT INVOLVES STRUCTURING DEAL TERMS AND ENSURING LEGAL COMPLIANCE.



Key Actions:

- Negotiate final terms, including price adjustments, warranties, and liabilities.
- **Work with an attorney** to draft a legally binding purchase agreement.
- Determine the payment structure (lump sum, seller financing, or installment payments).
- Set non-compete clauses and transition agreements if necessary.
- Confirm all legal and financial documents are in place before proceeding to closing.

Step 7: Closing the Deal & Transfer of Ownership

THE CLOSING STAGE FINALIZES THE TRANSACTION AND OFFICIALLY TRANSFERS OWNERSHIP TO THE BUYER.



Key Actions:

- Sign all required documents, including the final purchase agreement and bill of sale.
- Transfer assets, inventory, intellectual property, and customer accounts.
- Notify employees, customers, and vendors as per transition agreements.
- Provide training or advisory services during the transition period if agreed upon.
- **Secure final payment** and close financial accounts associated with the business.

Contact Information

Phone Number

(800) 55-3542

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Lion Business Advisors



www.LionBusinessBrokers.com

