



Points to Remember When Selling

Establish a realistic value

Do not overprice (or, of course, under price) your business. If you price too high you will scare away qualified buyers, and many buyers will not make you an offer for fear of offending you. In addition, the longer the business is on the market the greater the chance of your employees, suppliers and customers finding out. Do not price on the highest opinion of value you hear, instead use earnings analysis, comparables and other approaches and price using those ranges. We have a certified business appraiser on staff in our offices that will do a complete analysis and suggest a price range.

Prepare a business-offering package

The package should include a confidential summary document (typically 10 to 50 pages) and the leases, financials, tax statements and other documents that back up the summary document. Buyers will lose enthusiasm waiting for these to be produced. A Sunbelt professional will prepare these documents for you.

Bring deferred maintenance up to date

Fix it up and clean it up before putting your business on the market. When buyers see items that need fixing, they often wonder about conditions of things that they cannot see. Treat your business as you would treat your home when selling it – you want it to look sharp for prospective buyers.

Prepare a purchase agreement

Delays kill deals, so have a purchase agreement ready before you find a buyer. You can then fill in the blanks when you have a deal. Attorneys are sometimes slow in putting agreements together. As part of the Sunbelt Network, we have agreements, addendums; offer letters and contingency forms that have been proven over many thousands of transactions.

Look for buyers in as broad a market as possible

Do not depend on a few web sites to produce all leads. The best and only way to receive top dollar is to get as many qualified buyers as possible. A Sunbelt Advisor will use an internal database of current buyers, over 30 independent web sites, as well as our Sunbelt international network of offices. If applicable, we will develop a direct marketing plan to reach strategic and private equity buyers, a service unfamiliar to other business brokers.

Qualify buyers immediately

It is critical that you know about their financial strength and business skills before you give out confidential information on your business or spend a great deal of time with them. We screen buyers with care and diligence, and we educate all prospective buyers on the serious commitment of their confidentiality agreements.

Make sure your leases are assignable and renewable

Many potential sales have fallen apart because lessors refuse to assign a lease. If your remaining lease is short, it may make sense to negotiate a new lease. A business advisor can guide you through this process, and often we act as an intermediary between you and the lessor.

Negotiate an acceptable price and terms – but don't relax

Once you have gone through the offer/counter offer phase you have an agreement, but not a done deal. Nationwide more than half of "offer acceptances" fail to progress to closing. Our rate is much higher because we know how to manage the subsequent steps. In addition, because we act as an intermediary, the buyer and seller are less likely to be emotionally drained at this stage, which often leads to, a stagnant deal afterwards.

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Points to Remember When Selling (continued)

Don't open your books until you agree on a price

You can waste an incredible amount of time and energy answering questions and digging up material, only to find the price or terms are unacceptable. It is important that a buyer have ample opportunity to examine all aspects of your business, but only after price and terms are agreed to. We have the experience necessary to coach a buyer through this process in order to produce an offer, and to make sure all due-diligence items are then complied with so that your liability is minimized.

Make sure you state every agreement in writing

People quickly forget things said and not written. Placing contingencies on offers is typical. Contingency removals are done as the deal moves towards the close, and are sometimes forgotten about. This can lead to arguments and possibly lawsuits. A professional brings structure to the transaction, and many aspects of the terms and agreements will be clarified and written down.

Require a substantial deposit

Require a deposit when you reach an agreement with a buyer. The deposit should be held by a neutral escrow holder to limit your liability. There is much more detail in a "business escrow" than for real-estate escrow. Your business advisor will educate you, and then monitor the process and handle as many items as they can.

Protect your note if you are financing the sale

Be sure to follow the correct procedures in order to protect your note. This includes filing a UCC-1 statement with the state. Take care in producing suitable promissory notes, security agreements, etc. Your business advisor will guide you through the process of obtaining and securing the correct documents.

An experienced intermediary will help you manage these key selling points (and a lot more not listed). Selling a business is a complex and demanding task and one of the most important decisions of your business life. A qualified professional will handle the task of selling while you focus on running your business.

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