

The Business Buzz

What's New in Business Sales

Compliments of The Authority in Business Sales



This Issue's Seller Tip

As a Seller reacting quickly and honestly to Buyers questions is key to creating the trust needed to encourage buyers to make offers and selling your business.



Learn more about the selling process by contacting your local [First Choice Business Broker](#) today.

Recently Sold Businesses



Coffee Cart

Surf Beach Retail Store

Due Diligence - What Does it Mean to You, the Seller?

The Buyer has made an offer on your business and in the Purchase Agreement it states that he needs ten days to complete his due diligence on your business, what should you as the seller do?



Tip # 1 When you list your business with your Broker, try to give the last 3 years of your P&L's, Balance Sheets and tax returns. This will not only save a lot of time, this will also show the Buyer that you are forthright with your documents and prepared to sell your business. The Buyer will want to validate the income and expenses that you have shown on your P&L's so that they fully understand the income claimed on your business.

Tip # 2 It is a great idea to provide a detailed explanation to your Business Broker of any "add backs" to your income (expenses that the buyer will not have when they own the business) so

This Issue's Buyer Tip

As a Buyer your first meeting with the Seller is your chance to get answers to your questions. It is good idea to create a list of questions prior to the meeting so you don't miss any important factors when deciding if the business is right for you.

Learn more about the buying process by contacting your local [First Choice Business Broker](#) today.



Featured FCBB Businesses for Sale



[HVAC Contractor](#)

Price \$1,375,000
Florida

Convenience Store
with Gas & Car Wash

Plumbing Business

Upscale Restaurant

Dog Grooming

Laser Tattoo
Removal Business

BBQ Restaurant

Laundromat

Preschool

Windshield Repair
Business

House Sitting
Business

Direct Mail Company

Floor Care Business

Real Estate
Brokerage

Franchise Nutrition
Store

Wine Bar

LED Lighting
Company

Behavioral Health
Services

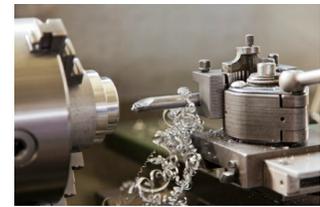
Upscale Beauty
Salon

that the Buyer is not trying to guess how you arrived at your figures. Unless the Buyer understands how you arrived at your income figures he or she will keep asking for more proof, better to be clear and concise up front.

Tip # 3 The more information (record keeping), that you supply to your Broker up front, the less information the Buyer will require for due diligence. This information will also help the Buyer to make a more "educated" offer on your business. Try to provide as much documentation (Sales tax reports, merchant reports etc.), to your Broker as soon as possible. Remember depending upon the time of the year, the Buyer will want up to date financials (first quarter, first half etc.).

Tip # 4 Keep your recording keeping up to date with your listing Broker. Many deals have been lost due to the Seller not letting the listing Broker and potential Buyer know of any major changes to the Gross or Net income during the time that their business is listed. Keeping your financial information up to date with your Broker also makes your listing package look "fresh".

*Published by Jeffrey & Linda Nyman -
July 1st, 2016*



[Custom
Fabrication and
Design Firm](#)

Price \$1,250,000
Santa Clarita



[Semi-Absentee
Run Online
Software Health
Care Service](#)

Price \$1,500,000
USA



[Mexican Food
Restaurant with
10 Slots](#)

Price \$399,000
SE Las Vegas



[Equipment Rental
Business](#)

Price \$1,540,000
Mohave County

Due Diligence what does it mean to you the Buyer?

Many Buyers ask for Due Diligence items on a business when making an offer but are not sure what this encompasses.

The Seller should be supplying the Buyer, with their income statements and possibly their tax returns. At times, proof of income cannot be produced by Sellers by what would be considered "traditional" documents. It is possible that some Buyers will rely on bank statements, merchant account statements or even utility bills to help them to determine the income of the business based upon the Buyers experience.

Due Diligence is mostly about financials and normally does not include any contingencies that need to be completed such as licensing, employee agreements or other such items, dealing with contingencies will often take place after a Buyer is comfortable with the income proof provided.



Try to put a list together of the items that you want to review so that you are not constantly asking for additional items. The Seller will have been advised by the Broker that he will need to supply a Buyer with certain items.

As a Buyer you do have an obligation to either review those documents supplied by the Seller or have your professional adviser review the documents. Unfortunately you cannot ask or rely on your Broker to complete your Due diligence for you. Once you receive the documents requested, you will need to make a decision within the time period stated in the Purchase Agreement. If you decide that you need more documentation to support the income that the Seller is claiming, try to make this request as soon as possible as you will have certain time constraints to obtain additional documents. It is OK to ask the Seller to explain certain expenses or "add backs" to the Sellers net income if you or your adviser do not understand the explanations.

Finally, make certain that you fully understand the income and expenses of the business before moving forward.

Once you release your Due Diligence, you are stating that you are satisfied with the figures and explanations provided to you by the Seller and you are ready to take the next steps in moving forward with the purchase.

Published by Jeffrey & Linda Nyman - July 1st, 2016

[Click Here to Find a First Choice Office Near You!](#)

First Choice Business Brokers | | info@fcb.com | <http://www.fcb.com>
5420 W. Sahara Suite 200
Las Vegas, NV 89146

Copyright © 2015. All Rights Reserved.