

THE SALE PROCESS
(By Robert G Coffey)

“One buyer is no buyer”. The following process is designed to obtain the best overall value to a seller of a business. The idea is to find by searching techniques as many interested parties and preferably those that have a special purpose need for the business.

- ✓ Meet with owner to discuss the special features and benefits of the business to a new owner. Find out reason for sale.
- ✓ Perform and on-site review of financial information and discuss re-casting the financials for unusual or one time items
- ✓ Obtain 3 years of financials (perhaps more) in order to show growth trends.
- ✓ Prepare meaningful product line profitability information and results
- ✓ Prepare a reasonable budget/forecast for the next 2-3 years
- ✓ Prepare full description of the assets to be acquired and the value they are to the on-going business. State qualifications of key employees.
- ✓ Work with owner on a confidential basis to assemble “Data Room” material for prospective buyers to review as part of the due diligence process.
- ✓ Prepare and review with seller the “Confidentiality Agreement” that will be signed by prospects
- ✓ Prepare and review “Teaser Document’ to be circulated on a “No Names” basis to prospects
- ✓ Prepare and review brief “Overview Document” for those who sign a “Confidentiality Agreement”
- ✓ Make a determination of those who show interest and qualify them as to financial resources and degree of interest.
- ✓ Determine if a “Limited Auction Process” is feasible which depends upon overall quantum of interest.
- ✓ Have prospects provide and indication of price and terms, subject to “Due Diligence” review
- ✓ Work with lawyers to determine most appropriate method of sale. (Assets vs Shares) and review tax preferences
- ✓ Review the draft purchase and sale contract on behalf of owner with emphasis on any balance of sale, non-compete and employment contract

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