

SELLING THE BUSINESS

Why is the company for sale? How long has the business been for sale? Are there other owners or stockholders, and if so, what is the ownership breakdown? Does the owner have the authority to sell or is it the decision of a family, partners, or Board of Directors? Are there other offers on the business? Who will be doing the negotiations? What is the rationale or methodology in determining the price of the business? Are there any add backs or reconstructed earnings? What is the owner's total compensation? Is there any pending litigation or prior litigation? Are there any contractual obligations such as employees, vendors, customers, landlords, intermediaries, noncompete, or buy/sell agreements? Are there any "soft assets" like uncollectable receivables? Would the owner stay on for a transition period? Would the seller take a note as partial payment, subordinated to the bank or unsecured? Is there anything in the offer that is "not" negotiable, e.g., asset versus a stock sale? Are there any violations with OSHA, EPA, Unions (if any), etc.?



Go over the financials line by line to be sure you understand each item and also to see if there is some possible restructuring of the balance sheet which will help you make a more realistic offer. Other areas to consider:

- Consider removing the real estate if included.
- Remove shareholders' receivables or payables.
- Remove owners' assets, e.g., automobiles.
- Disclose owners' perks.
- Review reserves and accruals.

Final Questions

- If you miraculously received \$100,000 in the company, how would you use it?
- How do you grow the business?
- What differentiates this company from competitors?
- What is the culture of the company?
- What is the company's most important resource?

Alamo Corporate Group and its advisors have specialized in ownership transfers of closely held companies since the late 1980's. We offer a range of intermediary services including mergers, acquisitions, divestitures, buyer identification, management buyouts, debt restructuring and in very limited instances, acquisition searches for high net worth individuals and private equity groups.

Alamo's primary purpose is to provide an extremely confidential national service that brings buyers and sellers together through our extensive contacts in the financial and intermediary communities.

Our process is very structured, as experience has shown us that while each buyer and seller is somewhat unique, there are enough similarities that specific steps must be followed in order for transactions to close. Confidentiality is guarded throughout each step of the process.

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