

***Successfully Sell Your Business:  
Expert Advice from a Certified Business Broker  
PDF Download Charts and Note Pages***

***By Andrew Rogerson***

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## **End of Section One Notes:**

Use this space to write down your notes and thought from Section One.

## Typical Checklist used by a Certified Business Broker

<b><i>Valuing the Business</i></b>	<b><i>Showing and Negotiating</i></b>
<ul style="list-style-type: none"> <li><input type="checkbox"/> Brokers Opinion of Value with Most Probable Selling Price</li> <li><input type="checkbox"/> Recasting the financial statements to support Brokers Opinion of Value</li> <li><input type="checkbox"/> Review by a certified business intermediary</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Preliminary discussions/suitability</li> <li><input type="checkbox"/> Show business</li> <li><input type="checkbox"/> Prepare seller for buyer meeting</li> <li><input type="checkbox"/> Assist in deal negotiation</li> </ul>
<b><i>Preparing to Sell</i></b>	<b><i>Preparing the Purchase Agreement</i></b>
<ul style="list-style-type: none"> <li><input type="checkbox"/> Coordinating a furniture, fixtures &amp; equipment list</li> <li><input type="checkbox"/> Lease summary</li> <li><input type="checkbox"/> Federal tax returns (3 years)</li> <li><input type="checkbox"/> Profit and loss statements (3 years)</li> <li><input type="checkbox"/> Franchise agreement summary</li> <li><input type="checkbox"/> Corporate or LLC resolution</li> <li><input type="checkbox"/> List of competitors</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Draft Asset Purchase Agreement</li> <li><input type="checkbox"/> Draft addendums</li> <li><input type="checkbox"/> Create transaction timelines</li> <li><input type="checkbox"/> Create due diligence list</li> <li><input type="checkbox"/> Seller's Promissory Note terms, if applicable</li> <li><input type="checkbox"/> Draft counteroffer, if required</li> </ul>
<b><i>Packaging the Business</i></b>	<b><i>Conducting Due Diligence</i></b>
<ul style="list-style-type: none"> <li><input type="checkbox"/> Executive summary</li> <li><input type="checkbox"/> Internet listing summary</li> <li><input type="checkbox"/> Confidential Business Review</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Checklist development and contingency sign-off</li> <li><input type="checkbox"/> Compilation of due diligence materials and book</li> <li><input type="checkbox"/> Due diligence assistance</li> </ul>
<b><i>Marketing the Business</i></b>	<b><i>Assist in Finding Financing</i></b>
<ul style="list-style-type: none"> <li><input type="checkbox"/> Marketing plan preparation</li> <li><input type="checkbox"/> Ad composition</li> <li><input type="checkbox"/> Direct mail campaign, if appropriate</li> <li><input type="checkbox"/> Newspaper advertising</li> <li><input type="checkbox"/> Internet advertising</li> <li><input type="checkbox"/> Other business opportunity sites</li> <li><input type="checkbox"/> Search buyer database</li> <li><input type="checkbox"/> Advertising to business intermediaries with California Association of Business Brokers and International Business Brokers Association</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> SBA loan process, if applicable</li> <li><input type="checkbox"/> Preliminary interview</li> <li><input type="checkbox"/> Pre-qualifications of buyer</li> <li><input type="checkbox"/> Mini business plan and projection</li> <li><input type="checkbox"/> Full application preparation</li> <li><input type="checkbox"/> Dealing with preferred lender officer</li> <li><input type="checkbox"/> Seller's Promissory Note, if applicable</li> <li><input type="checkbox"/> Assisting with escrow company</li> <li><input type="checkbox"/> Seller note, if applicable</li> <li><input type="checkbox"/> Other third-party sources, if applicable</li> </ul>
<b><i>Qualifying the Buyer Prospects</i></b>	<b><i>Closing the Transaction</i></b>
<ul style="list-style-type: none"> <li><input type="checkbox"/> Non-Disclosure Agreement</li> <li><input type="checkbox"/> Buyer financial statement</li> <li><input type="checkbox"/> Buyer interview and profile</li> <li><input type="checkbox"/> Credit report, if applicable</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Drafting instructions to escrow company</li> <li><input type="checkbox"/> Preparing document package for escrow company</li> <li><input type="checkbox"/> Obtaining franchisor approval, if applicable</li> <li><input type="checkbox"/> Obtaining lease assignment, if applicable</li> <li><input type="checkbox"/> Developing orderly turnover plan</li> <li><input type="checkbox"/> Drafting Allocation of Purchase Price</li> <li><input type="checkbox"/> Negotiating escrow company closing fees</li> <li><input type="checkbox"/> Expediting escrow company</li> <li><input type="checkbox"/> Closing coordination</li> </ul>

## **End of Section Two Notes**

Use this page to write down notes, ideas and other brainstorming for selling your business from section two of the book.

## Questions and/or Research if Selling a Franchise

### Researching Selling a Franchise:

Re-read your FDD in case you've forgotten points you need to advise a buyer about.

### Questions to ask when selling a Franchise:

When does the current FDD expire?  
Are there renewal options and costs?

Is this the current FDD or is there a new one?

Can I get a copy of the new one and if so, from whom?

Does the buyer work under the new FDD or the old one?

Is there a franchise transfer fee?  
How much?  
Who pays?

Is a new buyer required to attend training?  
If so, how much?  
How long does the training take?  
How often?

Is the buyer required to have training before or after the Change of Possession of the business?

Are there other costs that need to be disclosed to a buyer?

When should I advise the Franchisor?  
Who do I notify?

Does the Franchisor have a preferred selling process I need to understand and/or follow?

Does the Franchisor have an application form they require the buyer to complete?  
Do you want a copy to show a buyer?

Are there names of franchisees you can call to learn from their experience in selling their franchise?

## Legal Questions to Research

These are all questions you should answer as you plan to sell your business.

### Legal Questions to Research

- Are any updates or changes to the legal entity required?
- Have you read the lease and made sure it is assumable and there are no "deal killer" clauses?
- Are key employees willing to stay with a new owner?
- Are any patents, trademarks and other intellectual property correctly registered?
- If there is leased equipment, can the leases be assumed and who is the point of contact at the leasing company?
- Does any of the equipment need upgrading or removing?
- Are there any federal, state or licensing requirements that need to be reviewed?
- Is there an accurate estimate of the current value of the inventory?
  - Is a report available?
- Are there any notes the buyer needs to assume as part of the deal?
- Have I9 forms been filed for all current employees?
- Is workers' compensation up to date?
- If the business provides customers with warranties that you expect the buyer to take over and honor, are they up to date and clear?
- Are any resolutions to sell required from partners, ex-spouses, directors, etc.?
- Is the business in default of any financial or contractual obligations?
- Does the business have an affiliate or related company they do business with that should be disclosed?
- Is the employee manual up to date and does it meet current laws?
- Have all key contracts been reviewed to make sure they are current or can be sold?
- If a lien search is done, will it reveal any issues that can be addressed now?
- Does the company have difficulties complying with environmental regulations?
- Are all federal and state taxes up to date?
- Are OSHA, health department, fire department, EPA, EDD and IRS requirements up to date?
- Are the union or employee agreements up to date?
- Are there any legal or medical claims against the business that should be addressed now?



## **End of Section Three Notes**

Use this page to write down notes, ideas and other brainstorming for selling your business. If you are reading this book in electronic format, either use a notebook or an open document on your computer to make notes about what you have learned so far.

## Business Pre-Listing Assessment Worksheet

These are items you should examine about your business before listing it for sale.

Description	Completion Date
Front doors	
Front signage	
Front footpath	
Fire hazards	
Walls	
Bathrooms	
Storage areas	
Licenses displayed as required	
Aisles	
Rear signage	
Outside storage area	
Shelving	
Items that need painting	
Items that need repair	
OTHER:	

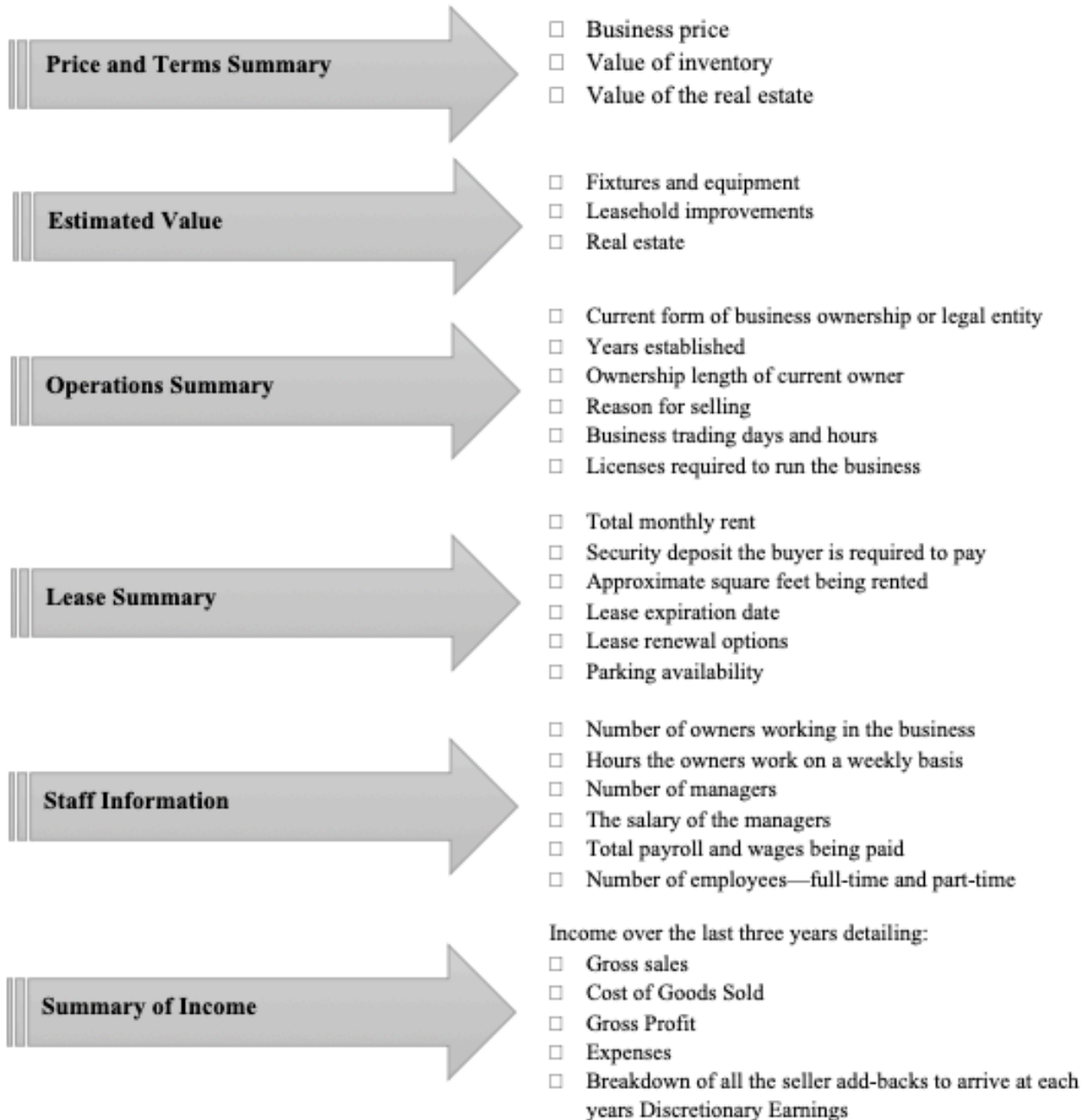
## Other Pre-listing Items to Review

Description	Completion Date
Lease	
FDD or Franchise Disclosure Document	
Create a list of fixtures, furniture and equipment that are part of the sale	
Check that all machinery and equipment is operational	
Inspect warehouse space to ensure it is clean and tidy—and that all the space is needed	
Make sure all vehicles are all in working order, including state emission tests	
Count the inventory (If you hire a company to do it, keep the report)	
Scrap excess material (if applicable)	
Ensure all legal agreements signed by necessary parties to authorize the sale	
Other Documents:	
Employee handbook up to date	
Employee contracts up to date	
OTHER:	
Financial statements accurate and up to date	
Health permits, business licenses, other licenses up to date	



## Executive Summary: One Page

The components of an Executive Summary, commonly referred to as a One Page



## **End of Section Four Notes**

Use this page to write down notes, ideas and other brainstorming for selling your business. If you are reading this book in electronic format, either use a notebook or an open document on your computer to make notes about what you have learned so far.

## Buyer Inquiry Tracker

No.	Inquiry Date	Name	Address	Phone Number	Comments
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					

# Questions to Ask Before Distributing Your Executive Summary

<b>Questions</b>	<b>Answers</b>
Have you owned a business before?	
What industries have you worked in?	
What is your management experience?	
How many employees have you managed before?	
How much do you have for a down payment?	
How many businesses have you looked at so far?	



## Buyer Qualification Questionnaire

Questions	Answers
What is your time frame to buy a business?	
Why are you looking to buy at this time?	
Are you looking at just this business or others?	
How much money have you put aside to invest in a business?	
Do you want to be in business for yourself and why?	
Are you currently working?	
Are you making all the decisions or are there others?	

## Follow Up Buyer Inquiry Tracker

No.	1st Inquiry Date	2nd Inquiry Date	Name	Phone Number	Comment
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					

## **End of Section Five Notes**

Use this page to write down notes, ideas and other brainstorming for selling your business. If you are reading this book in electronic format, either use a notebook or an open document on your computer to make notes about what you have learned so far.

## **End of Section Six Notes**

Use this page to write down notes, ideas and other brainstorming for selling your business. If you are reading this book in electronic format, either use a notebook or an open document on your computer to make notes about what you have learned so far.

# Due Diligence Checklists

These checklists have been provided you in the download you got from our website. Make sure that all items on this list are taken into consideration.

## Organizational Matters

- Articles of Incorporation amendments/restatements
- Bylaws/amendments
- Current domestic stock statement or equivalent
- Stock transfers ledger
- Buy-Sell agreements/shareholder agreements
- Stock restriction agreements
- Voting Trusts
- Oral understandings regarding any of the above

## Encumbrances

- Trust deeds
- Security agreements
- UCC-1 finance statements
- Stock pledge agreements
- Loan documents (including applications)
- Notes made or held by the company
- Line of credit agreements
- Guarantees (company and personal)
- Notices of default
- Oral understandings regarding any of the foregoing

## **Licenses/Permits**

- City business licenses/permits
- City industrial/occupational permits
- State industrial/occupational permits
- State licenses/permits
- Administrative court proceeding documents
- Notices of default received
- Foreclosure/private sale documents
- Collection letters/dunning letters utilized (form or otherwise)
- Collection letters/dunning letters received
- Bankruptcy filing documents

## **Securities**

- State securities permits/notices/filings
- State securities registrations/qualifications
- Federal securities registration/offering circulars/disclosure documents
- Federal securities compliance documents (10K, 10Q, etc.)
- Correspondence to/from the New York department of corporations
- Correspondence to/from the SEC
- Correspondence to/from any foreign body governing securities matters

## **Title/Lease Asset Documents**

- Real property deeds
- List/description of real properties owned
- Real property leases
- List/description of real properties occupied
- List/description of general assets (by type)
- Bills of Sale/or invoices for equipment and/or inventory stock in trade
- Automobile and truck leases
- List/description of automobile and trucks leased
- Other vehicle/vessels/rolling equipment or machinery leases
- Automobile and truck registrations
- List/description of automobiles and trucks owned
- List/description of other vehicle/vessels/rolling equipment or machinery
- Office equipment leases (telephone, copy machines, etc.)
- List/description of office equipment leased
- Industrial equipment leases
- List/description of industrial equipment leased
- Furniture leases
- List/description of furniture
- Patent/trademark/service mark registrations
- List/description of patents, trademarks and service marks
- Bill of Landing for inventory stock in trade
- List/description of inventory/stock in trade (type, item and location)
- List/description of raw materials on hand
- List/description of raw materials on order
- Other leases or use agreements not mentioned above
- List/description of all other assets not mentioned above

## Financial/Tax

- Three (3) years prior state tax returns
- Three (3) years prior Federal tax returns
- Franchise tax board suspension review documents
- Real property tax assessment notices/documents
- Personal property/business equipment tax assessment notices/documents
- Three (3) years prior financial statements
- Interim financial statements
- Tax delinquency notices
- Audit inquiry response letters
- Summary of all deposit accounts, savings accounts and other account
- Six (6) month prior bank statements (all accounts)
- Daily check registers/account books (including computer stored information)
- General ledger books (including computer stored information)
- Special account ledge books
- Chart of accounts
- Daily/weekly chronological financial records
- Copy of credit reference materials provided by vendors, etc.
- List of company credit cards and holders
- List of vendors supplying company on account (with balances and A/R aging)
- Ledgers showing company A/R with aging
- Ledgers showing company A/P with aging



## General

- Attorney retainer letters/ correspondence
- Attorney opinion letter prepared about the company
- Accountant retainer letter/ correspondence
- Accountant "working papers" pertaining to previous three (3) years financial statements
- Insurance policies including business liabilities, disability, medical and workers compensation policies
- Detail of key management employees: names, addresses, ages, work experience, positions held, job description, salary and benefits
- General information regarding employees: number of employees (full-time and part-time) by each location and department, percentage of employees who have left company and reasons for departure, working hours and wage levels by position and department
- History of labor problems
- Details of employees' benefits (pensions, bonuses, retirement plans, etc.)
- Policy manuals or materials
- Company operational or procedure manuals or materials
- Employee manuals or materials
- Employment applications and hiring forms, documents or materials
- Employment disclosure documents
- Past and present business plans for company
- Full organizational chart of company
- Details of internal operational structures including identity of who plans, checks and carries out functions, who reviews their results, and how the foregoing is accomplished:
  - a. Management structure
  - b. Marketing structure
  - c. Purchasing structure
  - d. Merchandising structure
- Details of marketing/sales structures, methods and programs, including identity and functions of sales personnel, special or unusual promotional activities, occasional programs and other special sales efforts
- Materials or substantial contracts of agreements (written or oral) not listed above or otherwise disclosed

## **End of Section Seven Notes**

Use this page to write down notes, ideas and other brainstorming for selling your business. If you are reading this book in electronic format, either use a notebook or an open document on your computer to make notes about what you have learned so far.

## **End of Section Eight Notes**

Use this page to write down notes, ideas and other brainstorming for selling your business. If you are reading this book in electronic format, either use a notebook or an open document on your computer to make notes about what you have learned so far.

## Final Checklist

Description	Start Date	Completion Date	Contact
Redirect personal mail			
Remove personal e-mail address from any business e-mail software			
Update cell phone numbers—if transferring with the sale to the buyer			
Check if voicemail messages need changing			
Notify gas company for final meter read			
Notify telephone company (local)			
Notify telephone company (long distance)			
Notify credit card provider (if applies)			
Notify suppliers (if applies)			
Cancel any lines of credit (if applies)			
Cancel any business insurance policies			
Cancel any advertising not required as part of the sale			

## BONUS: Discretionary Earnings Worksheet

No.	Item	YTD Current Year	2019	2018	2017
1	Sales				
2	Less Cost of Sales or Cost of Goods				
3	Less Total Operating Expenses				
<b>4</b>	<b>Equals (=) Net Income or Pretax Profit</b>				
5	Plus Depreciation				
6	Plus Amortization				
7	Plus Interest				
8	Plus Owners Salary or Draw				
<b>9</b>	<b>Equals (=) Adjusted Earnings</b>				
<b>10</b>	<b>Add back the following (if applicable)</b>				
11	Plus Payroll Tax Paid on Owners Salary				
12	Plus Benefits Paid to Owner (i.e. Health Ins)				
13	Auto—Owners Personal Expenses				
14	Auto—Owners Insurance				
15	Auto repairs—Owners Personal Expense				
16	Charitable Contributions				
17	Rent—Adjust to Fair Market Rate				
18	Insurance—Owners Personal Health, Life, etc.				
19	Retirement Plans—Owner Paid Contributions				
20	Plus Meals and Entertainment				
21	Plus Travel—non-related business				
22	Plus Telephone and Cell Phone—nonbusiness				
23	Plus one-time charges (i.e. bad debt, etc.)				
24					
<b>25</b>	<b>Less the following (If applicable)</b>				
26	Market Rate for Non-paid Family or Friends				
27	Market Rent if Rent Charged is Below Market				
28					
29					
<b>30</b>	<b>Total Discretionary Earnings</b>				

No.	Item	YTD Current Year	2007	2006	2005
1	Sales		\$ 565,000	\$ 550,000	\$ 500,000
2	Less Cost of Sales or Cost of Goods		\$ 170,000	\$ 165,000	\$ 150,000
3	Less Total Operating Expenses		\$ 335,000	\$ 330,000	\$ 300,000
<b>4</b>	<b>Equals (=) Net Income or Pretax Profit</b>		\$ 60,000	\$ 55,000	\$ 50,000
5	Plus Depreciation		\$ 20,000	\$ 20,000	\$ 20,000
6	Plus Amortization		\$ 5,000	\$ 5,000	\$ 5,000
7	Plus Interest		\$ 5,000	\$ 5,000	\$ 5,000
8	Plus Owners Salary or Draw		\$ 80,000	\$ 77,000	\$ 75,000
<b>9</b>	<b>Equals (=) Adjusted Earnings</b>		\$ 170,000	\$ 162,000	\$ 155,000
<b>10</b>	<b>Add back the following (if applicable)</b>				
11	Plus Payroll Tax Paid on Owners Salary		\$ 8,000	\$ 7,700	\$ 7,500
12	Plus Benefits Paid to Owner (i.e. Health Ins)		\$ 2,500	\$ 2,000	\$ 2,000
13	Auto—Owners Personal Expenses		\$ 3,500	\$ 3,300	\$ 3,000
14	Auto—Owners Insurance		\$ 2,200	\$ 2,000	\$ 2,000
15	Auto repairs—Owners Personal Expense				
16	Charitable Contributions		\$ 800	\$ 650	\$ 500
17	Rent—Adjust to Fair Market Rate				
18	Insurance—Owners Personal Health, Life, etc.		\$ 1,200	\$ 1,000	\$ 1,000
19	Retirement Plans—Owner Paid Contributions		\$ 5,500	\$ 5,000	\$ 5,000
20	Plus Meals and Entertainment		\$ 1,500	\$ 1,400	\$ 1,400
21	Plus Travel—non-related business		\$ 3,500	\$ 3,000	\$ 3,000
22	Plus Telephone and Cell Phone—nonbusiness				
23	Plus one-time charges (i.e. bad debt, etc.)				
24					
<b>25</b>	<b>Less the following (If applicable)</b>				
26	Market Rate for Non-paid Family or Friends		-\$8,500.00	-\$8,250.00	-\$8,000.00
27	Market Rent if Rent Charged is Below Market				
28					
29					
<b>30</b>	<b>Total Discretionary Earnings</b>		\$ 190,200	\$ 179,800	\$ 172,400

## BONUS 2: Sample Documents

### Ethics Agreement

The Seller wishes to sell, and the Buyer wishes to buy either real property and/or personal property, that is a business, herein called assets. The Seller advises they hold legal title to the assets. To allow each party to see if they wish to enter into an Asset Purchase Agreement or similar instrument, this Ethics Agreement requires that any material fact that could affect a reasonable Buyer's decision to purchase the assets must be disclosed. It is further agreed that each party shall avoid exaggeration, misrepresentation, or concealment of pertinent facts relating to these assets.

Furthermore, this Ethics Agreement may be supplemented by a Confidentiality Agreement (or Non-Disclosure Agreement) if this is a request from either party to this agreement.

_____	_____	_____	_____
Seller Signature	Date	Buyer Signature	Date
_____	_____	_____	_____
Seller Name		Buyer Name	
_____		_____	
Company		Company	
_____		_____	
Street Address		Street Address	
_____		_____	
City, State, ZIP		City, State, ZIP	
_____		_____	
Telephone Number		Telephone Number	

## Confidentiality Agreement

I, \_\_\_\_\_ (INSERT NAME), as the undersigned, individually and on behalf of any affiliated prospective Buyer, hereby request information on the following business \_\_\_\_\_ (INSERT NAME).

Such information shall be provided to the undersigned for the sole purpose of entering into discussions with Seller of said Business for the possible purchase by the undersigned of all or part of the stock or assets of the Business. As used herein, the term Buyer ("Buyer") applies to the undersigned and any partnership, corporation, individual, or other entity which the undersigned is affiliated. The undersigned agrees as follows:

1. NON-DISCLOSURE OF INFORMATION: The undersigned acknowledges that Seller desires to maintain the confidentiality of the information disclosed. **The undersigned agrees not to disclose or permit access to any Confidential Information without the prior written consent of Seller, to anyone other than Buyer's legal counsel, Accountants, lenders or advisors to whom disclosure or access is necessary for Buyer to evaluate the Business, provided that they are not one of Seller's employees, customers, Landlords, suppliers, or competitors.** Disclosure of Confidential Information shall be made to these parties only in connection with the potential acquisition of the Business, and then only if these parties understand and agree to maintain the confidentiality of such Confidential Information. The undersigned shall be responsible for any breach of this Agreement by these parties, and neither Buyer nor these parties shall use or permit the use of Confidential Information in any manner whatsoever, except as may be required for Buyer to evaluate the Business or as may be required by legal process. If the Buyer does not purchase the Business, Buyer, at the close of negotiations, will destroy or return to Broker (at Broker's option) all information provided to Buyer and will not retain any copy, reproduction, or record thereof.

2. DEFINITION OF "CONFIDENTIAL INFORMATION": The term "Confidential Information" shall mean all information, including the fact that the Business is for sale, all financial, production, marketing and pricing information, business methods, business manuals, manufacturing procedures, correspondence, processes, data, contracts, customer lists, employee lists and any other information whether written, oral or otherwise made known to Buyer: (a) from any inspection, examination, or other review of the books, records, assets, liabilities, processes, or production methods of Seller; (b) from communications with Seller or its directors, officers, employees, agents, suppliers, customers or representatives; (c) during visits to Seller's premises; or, (d) through disclosure or discovery in any other manner. However, Confidential Information does not include any information which is readily available and known to the public.

3. FURTHER TERMS: **Neither Buyer nor Buyer's agents will contact Seller's employees, customers, Landlords, competitors or suppliers without Seller's consent.** For three years, Buyer shall not directly or indirectly solicit for employment any employees of Seller. Seller is specifically intended to be a beneficiary of the duties and obligations of this Agreement and may prosecute any action at law or in equity necessary to enforce its terms and conditions as though a party hereto. Seller may assign this Agreement to any new ownership of the Business. This Agreement can only be modified in writing, signed by both Broker and Buyer. Waiver of any breach of this Agreement shall not be a waiver of any subsequent breach. This Agreement supersedes all prior understandings or agreements between the parties with respect to its subject matter. If Buyer is a corporation, partnership, or other such entity, the undersigned executes this Agreement on behalf of Buyer and warrants that he/she is duly authorized to do so. **Buyer acknowledges receipt of a fully completed copy of this Agreement.**



---

Buyer Signature

---

Buyer Name (Please Print)

Date

---

Company

---

Business Telephone

Fax:

---

Street Address

---

Home Telephone

---

City, State, ZIP

---

Email Address

---

Buyer Name

## **End of Bonus Section Notes**

Use this page to write down notes, ideas and other brainstorming for selling your business.