

Business Selling Process

1. **Determine Objectives:** What are your needs and objectives?

Sell and Retire	/	Sell the business and retain the real estate
Sell the business and the real estate	/	Take on a partner, Capital infusion, etc.

Thinking this through in advance will help us focus our efforts. In selling the real estate will you use a Starker 1031 Tax Free Exchange? Previous knowledge will help us to determine how to handle the timing of the steps of the transaction.

2. **Collect Business Information:** RE/PRO Business Brokerage will gather financial, as well as general information, on all aspects of your business from you at the time of listing. Proper preparation is crucial for the best presentation of your business and is also the first step in establishing the confidence of a buyer. Adequate information will enable a buyer to gauge their level of interest. See Seller's Check List at the bottom. It will be attached to the listing agreement and providing the requested information in a timely manner will increase your chances of selling within your time frame.
3. **Maximize Financial Presentation:** Financial statements are prepared for tax purposes. A buyer must be educated to accurately interpret the "recast" financial statements in order to recognize your Business' true worth. This is one of the services we provide for our sellers. The recasting of financial statements requires identifying and adjusting for normalized owner's salary and fringe benefits, as well as one-time, non-recurring and non-applicable expenses.
4. **Valuation:** Determining the fair market value of your Business is an involved procedure, which takes many variables into account. Proper consideration must be given to your Business' strengths, assets, historical financial performance and projections, along with the many intangibles inherent in your Business. RE/PRO will make purchase price comparisons with like companies that have sold within your industry. By determining the highest price a fully informed buyer is willing to pay for your Business, you will avoid the risk of losing a timely sale by overpricing your Business, or "leaving money on the table" by undervaluing your business.
5. **Preparation of Business Presentation:** The business must be properly packaged with all applicable records and facts organized and documented. This is why RE/PRO requires so much information at the time of listing. This ensures presentation in its most favorable light, while providing the acquirer with a concrete document to follow and review. This package educates buyers on the many intangibles inherent in your Business, hence raising the perceived value to the acquirer. These intangibles include name recognition, market niche, vendor relationships, operation and production systems, distribution channels, customer loyalty, trained and skilled employees, and many more. If you have not provided the information within a week of the listing, it makes selling your business unnecessarily difficult both for you and for us at RE/PRO, Inc.
6. **Buyer Identification Strategy:** We at RE/PRO determine the strategy for bringing your Business to market. What type of buyer will perceive the greatest value and synergies in your business? Identifying the "right" acquirer for your business can significantly impact its valuation. Our database of over five thousand potential buyers can be cross referenced to your business' strong points

7. **Contingency Issues**: RE/PRO identify and are prepared to address issues such as leases, regulations, licensing, key employees or other concerns that might apply to your specific situation. Failure to address these issues early on in the process can potentially lead to the loss of qualified buyers along with months of wasted activity.

8. **Marketing Strategy / Confidentiality**: RE/PRO will determine the most likely type of buyer and how to best market the business, while maintaining complete confidentiality. We understand what it takes to guard against your competitors, employees, vendors and customers ever finding out about the pending sale of your business. This is why we don't advertise your address. This is also why we attach a stiff financial penalty for disclosure of confidential information.

9. **Pre-Qualification**: Qualify potential buyers as to their interest level, management skills, cultural fit and ability to meet the financial requirements of the transaction. Maintain confidentiality with any interested acquirers, until all of these aspects are addressed to your complete satisfaction.

10. **Site Visits**: RE/PRO will provide the potential buyer with the opportunity to visit your facility. Generally there are multiple site visits. Plan to make time in your schedule to meet with potential buyers. If there are employee issues, this can take place in our offices. This is a good forum for the buyer and seller to develop a favorable rapport.

11. **Purchase Offer/ Negotiations**: Upon a "meeting of the minds" as to the key transactional issues, a written offer to purchase, generally in form of a letter of intent, should outline the purchase price, terms, conditions and any contingencies. Proper compliance with this step can save thousands of dollars in legal expenses. At this point we move to draft the contract to purchase and sell.

12. **Contract**: After all issues are resolved and the buyer's attorneys are satisfied the contract is presented to the seller for his acceptance or his counteroffer. This contract will usually have some special stipulations for the buyer allowing for the performance of Due Diligence.

13. **Due Diligence**: The offer is usually contingent on the buyer's professionals verifying the accuracy of the seller's financial and operational representations. The seller must be prepared to supply all the documentation specified by the buyer. At the specified end of the Due Diligence period, the earnest money will no longer be refundable at the request of the buyer. The term you may hear is that the "MONEY IS HARD".

14. **Closing**: This is the point at which you can be assured that you have realized your goal.

15. **Transition Period/ Training**: This typically involves a period of cooperation in which you will assist the acquirer in effectuating a "seamless" transition. This includes transferring of key relationships and proprietary information needed to successfully operate the business. RE/PRO is ready to assist you in each step along the way.

Seller's Check List for Listing a Business

Documents to Deliver to the Broker at Listing Appointment

1. **Legal Description:** This is usually Exhibit "A" of the Warranty Deed
2. **Tax Returns:** Last three(3) years as available
3. **Equipment List:** List of all equipment (valued over \$300 with serial Numbers)

4. **Copy of Plat or Latest Survey**
5. **Copies of Elevations and Plans** (if new construction.)
6. **Rent Roll** with Square footage and Beginning and ending dates of leases

7. **Copies of all leases, Copy of (Petroleum) Contract.**
8. **Profit and Loss or Operating Statement - Year to date, updated every month**
9. **Copies of Sales Tax Reports**

10. **Monthly Reports of Register :** Previous year and current year to date
11. **Copies of all Licenses**
12. **Tank certification for current year** (For Gas Station)

13. **Certificate of Occupancy for building**
14. **Projections made by oil company** (For new gas station.)
15. **Copies of utility bills for one year**

16. **Latest Real Estate Tax Bill**
17. **Payroll and Payroll taxes**