

5 Big Questions to Consider when Financing a Business Sale

How should the purchase of a business be structured? This is a point that you'll want to address early in the sale process. For most people, buying or selling a business is one of the most, if not the most, important business decisions that they will ever make. For this reason, it is vital not to wait until the last minute to structure your deal. Let's turn our attention to the most significant questions that you need to answer when entering the sales process.



1. What is My Lowest Price?

The first question you should ask yourself is, "What is the lowest price I'm willing to take?" If an offer is made, the last thing you want is to be sitting around trying to decide if you can take a given offer at a given price. Your M&A advisor or business broker will stand ready to help assess how your value stacks up in the market and how terms can be used to enhance business values. You need to be ready to jump if the right offer is made.

2. What are the Tax Implications?

Secondly, you'll want to seriously consider the tax consequences of any sale. Taxes are always a fact of life and you need to work with professionals, such as an accountant, M&A broker, investment banker, or business broker, to understand the tax opportunities and the implication of any decision you make.

3. What are the Interest Rates?

The third factor you want to consider is interest rates. If you get a buyer, what is an acceptable interest rate for a seller financed sale?

4. Are there Additional Costs Involved?

A fourth key question to ask yourself is do you have any unsecured creditors that have not been paid off? Additionally, you'll also want your M&A advisor to negotiate among the parties who is to be responsible for paying the various costs that may be a part of closing a transaction.

5. Will the Buyer Need to Assume Debt?

Finally, will the buyer need to assume any long-term or secured debt? The issue of long term and/or secured debt is no small issue. It is an important point to consider, as a debt assumption can help more buyers to qualify for the acquisition and favorable terms typically translate to a higher sales price, but this can also complicate the transaction or add risk, if not handled skillfully. Good understanding and flexibility on this can work to your advantage.

M&A brokers and advisors, investment bankers and business brokers are experts at buying and selling all kinds of businesses. Generally business brokers handle very small firms, while M&A Brokers and advisors specialize in selling more sizable companies. When it comes time to structure a deal that benefits both the buyer and the seller, business brokers or other sale experts appropriate to the deal, can prove to be invaluable. At the end of the day, working with proven talent in an M&A broker or a business broker is one of the single biggest steps you can take to ensure that your business is sold and sold as quickly as possible.

About CK Business Consultants, Inc.:

CK Business Consultants, Inc. has been dealing exclusively in the sale and acquisition of petroleum and propane related mid-market companies since 1976. We are qualified, experienced, and highly professional intermediaries working with both buyers and sellers in the successful transfer of business ownership. We handle all phases of the project including initial analysis, valuations, developing a confidential information memorandum, locating qualified buyers, negotiations, and execution of the transaction. For more information, please call or email Gary Papay @ 570-584-6488, gpapay@ckbc.net or visit our website @ www.ckbc.net.