

Interested in Buying a Business? Check Out These 3 Commonly Overlooked Areas

When it comes to buying a business, nothing is more important than the factor of due diligence. For most people, this investment is the single largest financial decision that they will ever make. And with this important fact in mind, you'll want to leave absolutely no stone unturned.



Let's examine the three most commonly overlooked areas when it comes to buying a business: retirement plans, 1099's and W-2's, and legal documents.

1. Examine All Legal Documents

While it may sound like a "pain" to investigate all the legal documents relating to a business that you are vetting for purchase, that is exactly what you have to do. The very last thing you want is to buy a business only to have the corporate veil pierced. Everything from trademarks and copyrights to other areas of intellectual property should be carefully examined. You should be quite sure that you receive copies of everything from consulting agreements to documentation on intellectual property.

2. Retirement Plans

Don't forget about retirement plans when you're buying a business, as this mistake can quietly translate into disaster. Before signing on the dotted line and taking ownership, be sure that both the business's qualified and non-qualified retirement plans are 100% up to date with the Department of Labor and ready to go.

3. W-2's and 1099's

If 1099 forms were given out instead of W-2's, you'll want to know about that and be certain that it was done within the bounds of IRS rules. Imagine for a moment that you fail to do your due diligence, buy a business and then discover that you have problems with the IRS. No one wants IRS problems, but a failure to perform due diligence can quickly result in just that. So do your homework!

Never forget what is at stake when you are buying a business. If there has ever been a time to have laser-like focus, this is that time. There can be many skeletons hiding in a business, and you want to be sure that you protect yourself from any unwanted surprises. Not performing your due diligence can lead to a shockingly large array of problems. One exceptional way to protect yourself is to work with an M&A Advisor. An M&A Advisor knows what to look for when buying a business and what kinds of documents should be examined. There is no replacement for the expertise and experience that an M&A Advisor brings to the table.

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.