

THREE OVERLOOKED AREAS TO INVESTIGATE BEFORE BUYING

Before you jump in and buy any business, you'll want to do your due diligence. Buying a business is no time to make assumptions or simply wing it. The only prudent course is to carefully investigate any business before buying, as the consequences of not doing so can in fact be rather dire. Let's take a quick look at the three top overlooked areas to investigate before signing on the dotted line and buying a business.



1. Retirement Plans

Many buyers forget all about retirement plans when investigating a business prior to purchase. However, a failure to examine what regulations have been put into place could spell out disaster. For this reason, you'll want to make certain that the business's qualified and non-qualified retirement plans are up to date with the Department of Labor. There can be many surprises when you buy a business, but this is one you want to avoid.

2. 1099's and W-2's

Just as many prospective buyers fail to investigate the retirement plan of a business, the same is often true concerning 1099's and W-2's. In short, you'll want to be sure that if 1099's have been given out instead of W-2's that it has been always done within existing IRS parameters. There is no reason to buy a business only to discover a headache with the IRS.

And speaking of employees, does the business you are interested in buying have employee handbooks? If so, you'll want to make sure you review it carefully.

3. All Legal Documents

The simple fact is that you never want the business you are interested in buying to have its corporate veil pierced once you take over. You should carefully review all trademarks, copyrights and other areas of intellectual property to be sure that everything is completely in order. You'll want to obtain copies of all consulting agreements, documents involving inventions as well as intellectual property assignments.

Everything should be protected and on legally sound footing. If you see any problems in this category you should run for the hills and find another business to buy.

Protect Yourself from a Potential Lifetime of Regret

Evaluating overlooked areas is essential in protecting your investment. For most people, the purchase of a business is the largest of his or her lifetime. It leaves little room for error.

Not only is it vital to investigate the major areas, but it is also essential to explore the smaller details. However, the truth of the matter is that when you're buying a business there are no "small details." No one realizes this fact more so than business brokers. M&A brokers are experts in what it takes to buy and sell businesses. Working with an M&A broker is a significant move in the right direction. The time you invest in properly exploring and evaluating a business is time well spent and may literally save you from a lifetime of regret.

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.

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