

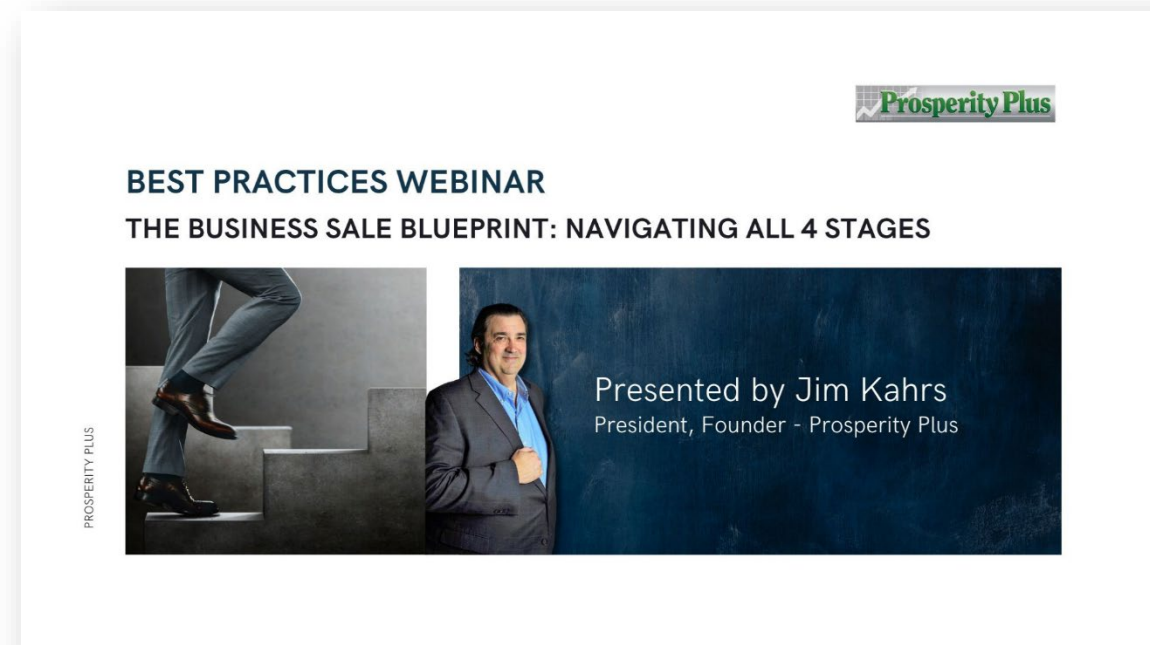
# BEST PRACTICES WEBINAR

## THE BUSINESS SALE BLUEPRINT: NAVIGATING ALL 4 STAGES



# In This Seminar

- Introductions
- Common Misconceptions
- The 4 Stages of a Business Sale
- Summary
- Your Questions



# Jim Kahrs

- >39 Years in Business Systems
- Started Prosperity Plus in 2001
- Achieve Your Goals by Improving Profit, Cash Flow & Growth
- M&A, Valuations, Succession Planning (More than 350 transactions)
- Marketing Programs
- Consulting based on Experience + highly successful Hubbard® Management System & Value Builder System®

# Common Misconceptions

- It's just like selling real estate
- You can handle it yourself
- There isn't much to negotiation beyond the price
- There is no risk if the payment is "guaranteed"

# Stage I (Exploratory)

- For basic questions about the game plan
- Explore reasons for a sale
- Who will be affected?
  - Owner
  - Family
  - Employees
  - Customers
  - Vendors

# Stage I (Exploratory)

- What is the true market value of the business?
- Ready for a sale?
  - Operationally
  - Financially
  - Market Conditions
  - Tax Considerations
- Timing
  - The sooner the better
  - Ideally 3 years out, earlier is advantageous

## Stage II (Strategy)

- Most think this is where the process starts
- A comprehensive plan is critical
- All key documents must be prepared in advance
- Full, go-to-market strategy in place
- Potential buyers carefully selected and vetted

## Stage II (Strategy)

- Present the business in steps
- Give buyers all pertinent data they request
- Don't share customer or employee names this early
- Timing (30 to 120 days)

## Stage III (Execution)

- Where the transaction happens
- Work with multiple potential acquirers
- Understand the pros and cons and potential fit of each
- Often begins with an IOI (Indication of Interest)
- Followed by LOI (Letter of Intent) or MOU (Memorandum of Understanding)
- Agree on one deal to move forward with exclusively
- Move into due diligence, document creation/negotiation

# Stage III (Execution)

- Due Diligence
  - Buyer will have access to nearly all business data
  - Buyer will be looking for areas of concern
  - Most business owners are not prepared for the invasive nature of the process
  - Just as important to the seller as it is to the buyer

# Stage III (Execution)

- Document Creation/Negotiation
  - Purchase agreement
  - Non-compete agreements
  - Employment agreements
  - Facility Leases
  - Vendor agreements
  - Other ancillary legal agreements
  
- Closing (can feel anticlimactic)

# Stage III (Execution)

- Timing
  - Typically takes 60 - 90 days
  - Takes what it takes. Some have been wrapped in 30 days. Others much longer.
  - Continue to operate the business in ordinary course.

# Stage IV (Adjustment and True-up)

- The Initial Shock
  - Owners
  - Employees
  - Customers
  - Vendors
- Settling yourself in as an employee
- Working capital true-up process
- Tracking earn-out, reps and warranties
- Detailed transition plan is vital
- True test of a business is how well it performs after the sale

# Summary

- The sale of your business is a huge transaction
- Proper planning is vital to a successful outcome
- Make time your friend. Start early
- Have strong advisory team
  - M&A advisor
  - Attorney with business sale experience
  - Accountant with business sale tax experience

**PRE**Score™

# SO YOU'VE BUILT A SUCCESSFUL BUSINESS. NOW WHAT?

- ARE YOU REALLY READY TO EXIT?
- MANY BUSINESS OWNERS ARE UNPREPARED FOR HOW AN EXIT WILL AFFECT THEM
- A QUICK QUESTIONNAIRE ONLINE (SECURE) WILL GIVE YOU A LOOK AT YOUR OWN PERSONAL READINESS TO EXIT (PRESCORE)

**GET YOUR PRESCORE TODAY**



# Next One: 6.18.26



**BEST PRACTICES WEBINAR**

**BUSINESS SALE DEAL STRUCTURE: WHY IT MATTERS**



PROSPERITY PLUS



# And now, let's take your questions.

PROSPERITY PLUS



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