

Purchasing a Business

*Ensuring the Successful Acquisition
and Future of Your Business*



Purchasing a Business: Financially Rewarding or Devastating?

Small business ownership can be one of the most financially rewarding careers you can pursue. Becoming a business owner through the purchase of an existing business may have certain advantages: you get a tried and true set of suppliers, a proven business location, a respected business name, a highly developed business strategy and a successful method of doing business.

However, purchasing an existing business is a complicated process. It's not as simple as comparing the active ingredients in competing brands of toothpaste. Rather, there are lots of hidden traps for the unwary.

How Epiphany Law Can Help

Never attempt to negotiate the purchase of a business without the assistance of a knowledgeable business attorney at your side.

Epiphany Law has the expertise to assist in all aspects of the purchase of your business, including:

- Letters of Intent
- Confidential Disclosure Agreements
- Due Diligence Reviews
- Purchase Agreements
- Non-Competition Agreements
- Bills of Sale
- UCC and Lien Searches
- Estoppel Certificates
- Assignments
- Consulting Agreements





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Q What is the typical process of buying a business?

A Usually a buyer and a seller will have preliminary discussions concerning the potential terms of the sale. Often, following this meeting of the minds, a Letter of Intent, or LOI, is drafted by an attorney setting forth the rudimentary terms of the deal and establishing confidentiality. Following the LOI, the buyer conducts its "due diligence" or detailed review of the business. During the due diligence stage, a formal Purchase Agreement is drafted and negotiated. As the closing approaches, various documents are prepared including deeds, assignments, bills of sale, allocations, consulting agreements and non-compete agreements.

Q What does one look for in the due diligence review?

A Ultimately, you're attempting to locate any skeletons in the closet. Consequently, you will want to review and verify all of the information the seller has provided to you. The items you will need to review include historical and current financial data, business plans, minutes of directors' and shareholders' meetings and all contracts with suppliers, customers and employees.

Q The seller assures me that the business is a money-maker. How can I be assured of this?

A Ultimately, there are no guarantees in life. However, by conducting proper due diligence before you buy, you can stack the odds of success in your favor. In addition, you can often force the seller to put his money where his mouth is by requiring an "earn out" provision—a provision that ties payment of the purchase price to achievement of the promised future financial performance.

Rely on Epiphany Law as your source of business law expertise for your growing organization.



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