

7 Critical Points Every Business Owner Must Know Before Selling Their Business



These 7 critical points allow you to consider and compare why a Business Broker makes sound financial, strategic and tactical sense to achieve a successful, trouble-free transaction.

Murphy®

Murphy Business and Financial Corporation

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Why Murphy Business?

We are one of the largest and most successful brokerage firms in the nation with offices conveniently located throughout the United States. We are members of virtually all associations, groups, listing services and networks that exist in our industry. We have unsurpassed access to buyers and sellers nationwide. Our proven processes and systems provide our customers a higher closing ratio than national averages. We promise that you will not find a more complete, thorough and professional experience as the one Murphy Business and Financial Corporation can provide.

In this publication, you will find useful information that demonstrates our experience as business intermediaries and our ability to successfully completed your transaction.

We have offices Nationwide



Murphy Business and Financial Corporation
www.murphybusiness.com

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**If you are considering selling your business by yourself,
you will need to coordinate 4 different business professionals
(CPA, Attorney, Investment Banker, Appraiser)**

or

**You can make one phone call to a Murphy Business Associate
who is expertly positioned and experienced in all phases of business
transfers to coordinate everything for you.**

When it comes to selling their business, most owners don't even know where to start or which questions to ask. The entire selling process may seem confusing and overwhelming. Some owners turn to their CPA or attorney for professional advice, but those professionals represent only a fraction of the overall solution. When you consider that in a typical selling situation there are no less than four different professionals involved in the transaction ranging from CPAs to investment bankers, business and equipment appraisers, it is easy to see why many people are afraid to even begin the process.

Since you've been a successful business owner, selling your business can't be that difficult, right? No one knows the business better than you, right? Are you qualified to sell the business yourself?

To find out if you have what it takes to be successful in the process of selling your own business, consider the following:



Why Sell Your Business?

Let's say you have learned there may be a potential buyer interested in your business. You're ready to sell for one or all of the reasons below:

- It's time to retire
- Need within the company for new skills, resources or philosophy
- Your profits are at an all time high
- Serious illness
- You are tired of the day to day grind
- Lack of sufficient working capital
- Divorce or dissolution of partnership
- Desire to pursue other business interests which are less challenging or less stressful

- ❑ Can you maintain complete anonymity so confidentiality is not lost which could seriously damage your profitability?
- ❑ Are you knowledgeable in current areas of the law, accounting, taxes, marketing of a business, financing, negotiations and closings?
- ❑ Do you have a vast amount of contacts and the ability to match a prospective buyer to your business?
- ❑ Can you devote the time and energy to screen and qualify a large group of prospects in order to find a qualified buyer who is serious, can obtain financing and will make a reasonable offer?
- ❑ Are you talents better suited by effectively running your business and managing profitability or chasing buyers, lenders, lawyers and CPAs?

If you were unable to answer "yes" to the above questions, you should consider enlisting the help of a professional who can provide these skills for you. Many business owners are too busy operating their business and cannot afford the time nor have the expertise to handle the sale of their business. This can be more effectively and efficiently managed by a professional business intermediary who is experienced in all aspects of the transaction.

Buying and selling a business demands a level of expertise that only a Business Broker possesses. The intricate details of a business transaction alone can cause a deal to terminate if you are not experienced in all phases of the process, even if you are a savvy business owner.



What are the odds of a sale?

There are 25,007,505 businesses in the United States today and 40% of business owners expect to list their business within the next three years. Take a look at these alarming statistics:

<u>Business Category</u>		<u>Number of Businesses for sale</u>	<u>Number that sell</u>	<u>Percentage of Sale</u>
Small Businesses	Revenue \$750,000 or less 10 employees or less	880,000	160,000	(18%) 1 out of 5.5
Larger Businesses	Revenue \$750,000 to \$3 Million 100 employees or less	172,000	43,000	(25%) 1 out of 4
Mid Size Companies	Revenue \$2 Million to \$30 Million 20 to 100 employees	73,000	49,000	(28%) 1 out of 3.5
Large Companies	Revenue over \$30 Million Over 100 employees	8,000	2,500	(33%) 1 out of 3

Source: Business Brokerage Press – Complete Guide To Business Brokerage 2002

Not very encouraging numbers are they? That's why a Business Broker is so valuable to a business owner. Your closing percentage increases dramatically when a broker is involved. They can minimize your risk through their vast experience, expertise and attention to the smallest of details.

Jill Andresky Fraser of Inc. Magazine found that historically only about one-quarter to one-third of all private companies ever manage to find a buyer. The reasons:

- Sellers didn't have all of the information that prospective buyers need in order to make an informed decision.
- Sellers are not equipped with current and accurate financial information.
- Sellers are not realistic in establishing price and terms. Your best guide for buying or selling a business isn't words on paper, it's the experience and representation that a Business Broker brings to the process.
- Using a Professional Business Intermediary will drastically increase the chances for a sale.



Your "Ace in the Hole"

Ask yourself this: Would you visit your family doctor or automobile mechanic if you had a toothache? Your mechanic may be able to provide the correct utensils to extract the throbbing tooth and your family physician may be able to prescribe some medications to suppress the pain, but you would most likely make an appointment with your dentist. Why? Because they have been thoroughly educated in this area. Only a dentist knows the inner workings of the mouth and can provide the most appropriate care in such a predicament. Including a Business Broker in the selling process of your business is no different. Even though there are many other professionals who can attempt to handle every aspect of this procedure, they are not equipped or experienced enough to be successful.

CPAs, attorneys, investment bankers and realtors are adept at only one or two of the many facets of selling a business. A Business Broker has the experience and expertise to manage every phase of this important transaction and can provide vital knowledge and resources that no other professional can.

When it comes to selling your business, a broker is **"Your Ace in the Hole."**

"Buyer are more prepared to buy than sellers are prepared to sell."



Find Out The 7 Critical Points You Must Know Before Selling Your Business

1. Validating a Realistic Sales Price: Realistic pricing is perhaps the most important factor in selling your business. The pricing of a business, different from the simpler means of valuing based on goods or services, depends on industry tested valuation methodologies. Tangible and intangible value are incorporated into the equation to ensure that the business will be priced correctly.

The price of a business is achieved by a variety of factors; it is more of an art than an exact science. A Business Appraiser is an expert at placing a **realistic** price on the business using economic performance indicators and market data in the consideration.

While brokers are experts in their field, they are not magicians who can sell overpriced businesses. There are some brokers who can't bring themselves to tell you that your price is too high. The bottom line is: to increase the odds of selling. The business must be priced **realistically**.

A broker's objective is to substantiate the true value of the business. They help prospective buyers understand the value of the business based on historical, financial, market and geographical data. They also assist the buyer and seller in the deal structure so that both parties maximize benefit from the sale. When trying to sell a business there is nothing worse than putting a business on the market that does not attract buyers because it is priced too high or too low. We cannot emphasize enough that **fair market value** pricing is key to successful sale of a business.

A broker has access to professionals who have extensive knowledge and experience to accurately place a value on the business.

2. Current Knowledge of the Marketplace: Brokers surround themselves with databases, search tools, industry reports, business contacts around the world and maintain an extensive network of brokers. These professionals are connected to a vast network of thousands of other brokers, buyers and sellers at any given time.

3. Confidentiality is Essential: It is imperative that an owner understand why confidentiality is important to the successful sale of the business. There are many issues that can plague the sale and profitability of the business if it's introduced to the market prematurely. Customers, competitors, employees, vendors and creditors will have different reactions to finding out that

your business is for sale. Prospective buyers often react negatively to a business opportunity that has not been kept confidential.

Murphy Business Associates hold the sale of your business in strict confidence. He or she has a fiduciary responsibility to maintain confidentiality, but more importantly, the broker's efforts are to maximize the selling potential. Maintaining privacy on the matter will allow your company to operate normally protected against competitors who might use the information as a strategic advantage, employees who might think of leaving due to a new owner, customers who might take their business elsewhere, suppliers who might raise prices due to a contractual issue and bankers who could call due a note. Any premature leak of information regarding the possible change of ownership could disrupt these relationships and weaken the company's competitive position. For these reasons, confidentiality is critical and vital at all stages of the selling process from listing through closing.

4. Expertise in Attracting and Securing Serious Potential Buyers: There are three basic types of buyers: individual, financial and strategic. Individual buyers are people who are in the 45 to 60 age bracket and are leaving corporate America to pursue a dream of buying their own business and controlling their destiny. The next type of buyers are financial buyers. They make up an enormous segment of the buyer's market. These types look for businesses they can acquire using debt financing for 50% to 75% of the asking price and have sufficient cash flow to service the debt. Lastly, are strategic buyers. They expect synergies with their other holdings and they can afford to pay a premium, but may not need to because they understand the market. 80% of prospective buyers are individuals who want to control their own future. Many of these buyers can be found across the state, country and even internationally. A broker is a key player in this process because they keep themselves in continuous contact with all types of buyers all over the globe. They use effective and efficient search procedures to find and screen those that are best qualified to purchase your business.

Blind advertisements and listings are another tactic a business broker will use to market the business for sale and attract a potential buyer. These ads are written to provide enough information to interest a buyer although they camouflage the identity of the business.



The broker typically has many businesses for sale at any given time which can attract prospective buyers as well. It is proven that they respond strongly to ads that indicate the broker has a wide variety of business opportunities, even if the individual business descriptions are vaguely worded. The broker is experienced at mixing and matching prospective buyers and listings. A broker will qualify and determine the business that would be most likely to fit the buyer's profile and financial capabilities. The broker focuses on buyers that are financially qualified and are genuinely interested in your business. It is important to be aware of the buyer's motivation for acquisition. Otherwise, the prospects of the sale will decrease.

Brokers conduct a "Pre Qualification Process" with prospective buyers to weed out the "tire kickers and time wasters." They will only bring serious buyers to you for consideration. During the early stages, while the buyer is still considering making an offer, the broker is the ideal person to follow up and keep the opportunity running smoothly.

5. Pre-Arrange Lender Financing: Surveys have shown that sellers who ask for cash receive 75% of their asking price, while sellers who accept terms typically receive 86% of their asking price or higher.

In many other cases, businesses that are listed for all cash don't sell. With reasonable terms that a broker and lender resolve **before** locating a potential buyer, the chances of a sale increases dramatically. In addition, the time period from listing to close greatly decreases. Most sellers are unaware of the amount of interest that can be generated by financing the sale of their business. Furthermore, seller financing provides the buyer with a sense of comfort because the seller is confident that the business will achieve profitable returns for the buyer.

6. Untangle Red Tape: A broker is an expert at alleviating any and all potential pitfalls. A business owner may not have the foresight or experience in these matters regarding selling a business. For example, some problem areas may include: permits, licenses, financing, blemishes, agreements, leases, etc. When a buyer is interested in your business the last thing you want to have happen is for the buyer to uncover a mistake in the information presented or have an asset turn into a liability.

7. Expert Negotiator: The selling process can take on a life of its own. There are emotional highs and lows during the process that make it difficult for the business owner to have clear and reasonable objective. Most times, sellers are defensive and confrontational when buyers are questioning financial documents or the value of assets. A broker acts as the "middle man" and works to achieve your ultimate strategic and tactical financial goals without compromising the seller's position. The broker is equipped with years of negotiation experience and can significantly increase your chance of a sale.

A broker will uncover the value of your business and communicate it to the buyer in a manner that touches the buyer's "hot buttons." The broker understands your financial goals as well as the buyer's situation and can direct the sale in a manner that meets both parties' objectives creating a win-win scenario. A broker will uncover the bargaining power of the buyer and discover at the outset how the individual plans to finance the acquisition. In addition, the broker will anticipate the buyer's concerns and offer counseling prior to any meetings with the buyers and sellers. This identifies any problems that might make a buyer suspicious and unnecessarily adversarial during negotiations. Steeped in knowledge about negotiating price and terms, the broker will guide you each step of the way.

Now that you've learned briefly about the 7 Critical Points you need to know before selling your business, what other information should you consider before taking the next steps? We think you need to know about valuations and lender pre-approval and why both are extremely important.

Comprehensive documentation from a buyer's perspective is essential today for a successful sale. This means that preparation of a convincing historical document and solid financial information is a must. Prospective buyers are suspicious and unnecessarily adversarial when information is lacking. Sellers rarely receive fair market when revenues or other important matters are "undisclosed." Lack of that kind of supporting information puts the seller at a weak negotiating position. Buyers are looking to justify the price and terms of the sale using normal investment returns.

If you were buying a business, would you rather see Profits or Deductions?

Most business owners use tax returns or financial statements prepared for tax purposes as the only financial presentation of their business to justify an asking price. As a result, the market value of assets and other acceptable deductions are not considered.

This is a common mistake sellers make not realizing that tax returns and financial statements are prepared for tax purposes and do not reflect years of hard work, market value of assets and true economic performance of the business. The business' goodwill, or intangible value, represents a major component of the value of the business which is not a consideration for tax purposes and therefore only serves as a financial statement from an IRS point of view.

Too often a business will use financial statements prepared for tax purposes in the day to day operations of their business as a selling tool. ***Assets are written off rather than capitalized. Profits are minimized to avoid paying taxes.*** Tax returns provide a negative view of operations from a financial standpoint.

The value of a typical business should be greater than the total values of its fixed assets.

For a buyer, the key factor is that an ongoing business has everything in place for the business to continue to operate successfully and generate the cash flow that is documented in the marketing portfolio such as equipment, inventory, sales, suppliers, employees, business processes, customer lists, forecasted business, etc. The bottom line is that the buyer is “banking” on the net cash to buyer to service debt and receive a reasonable return on his/her investment.

How do you price the intangible assets of a business which is normally referred to as business goodwill or going-concern value? And, what methodology is used to determine fair market value of the fixed assets? The answer is: Hire a Business Broker ... It is a must! He or she is **the key player** on your selling team.

It has been stated that a business is worth what a buyer is willing to pay and a seller is willing to take. That is why the profession of valuing businesses is a mix of art and science. However, there are methodologies, algorithms and market studies that allow a certified valuator to apply a “fair market value” on a business entity. There are variations of methods used and weighted averages depending on specific industries. Business Valuators typically use three primary methods to value a business.

They are:

- **Market Approach** - Comparing the entity being valued to counterparts engaged in the same or similar industry with the same or near volume of business.
- **Income Approach** - Company’s value is based on its ability to generate income.
- **Asset Approach** - Sometimes referred to as Replacement Cost Approach. This approach considers the fixed and current assets of the business such as equipment, furniture and fixtures.

Note that there are a number of reasons for valuing a business other than acquisition. Businesses are valued for estate and tax purposes, divorce settlements and for raising capital among other things.

A Professional Valuation reflects the “Fair Market Value” of a business based on recasted assets and conditions in today’s market. This presents the true economic value of your business.



“What is Fair Market Value?”

“Fair Market Value” is defined as the price at which the property would transfer ownership from a willing seller to a willing buyer, understanding that both parties have reasonable knowledge of the relevant facts.

Do you know what your business is worth? We often hear sellers say “I do not need to value my business. I’ve been in this industry for 30 years and I know what it’s worth.” Well, then would it be reasonable to say that you have lived in your house for a long period of time so you are completely up-to-date with the real estate market? No! A statement like that will scare a reasonable buyer away. Or consider this: When you are ready to sell your car, don’t you at least do a little research and maybe review the current “blue book” value of the make and model? We find that sellers who are serious about selling their business have no problem investing the time and energy in the valuation process. **The valuation is the true indicator that the seller is serious about selling their business and that it is reasonable in price and terms.**

Once you decide to have your business valued, the first person you may think to call is your CPA. That may be a great choice if your CPA is a certified business valuator, is current with today’s methodologies, performs a fair number of valuations on an annual basis and their schedule permits. It is important to know that most CPAs do not do valuations. There are approximately 128,000 members of the American Institute of Certified Public Accountants (AICPA) in public practice. Less than 3% have Certified Valuation Analyst (CVA) designation conferred by those who have undergone its valuation training program. Of course, a CPA without a designation may be entirely capable of performing a first class valuation, but this statistic suggests valuations are not something most CPAs perform as a core part of their business practice.

Get A Lender’s “Pre-Approval” Of Terms and Sale Price While Actively Marketing For A Buyer.



If you are seriously interested in Selling Your Business in a timely and profitable fashion, who do you contact to maximize sound financial, strategic and tactical advice in order to complete a successful, worry-free sale?

What else do you need to know about selling your business?

How can **financing** a business become a deal breaker when it comes to the change of business ownership? Simply this...Lenders and buyers are uncomfortable with financial statements prepared for tax purposes because they do not reflect the true economic value of your business. Additional analysis is required to reflect discretionary spending, true earnings and asset value.

It is important for all parties involved in a transaction to make sure that the buyer can secure the proper financing to acquire the business. Therefore, **pre-approval** and **pre-qualifying** sets Business Brokers apart from other professionals in this regard. In order to be effective in marketing your business for sale and qualifying prospective buyers, **it is imperative** that guidance from a lender is secured. Without lender involvement from the beginning, a closing may be plagued by financing and terms which can result in an unnecessarily lost sale. A Business Broker's expertise in preparing and submitting the required documents to the lender is paramount in obtaining favorable terms. This knowledge and experience allows you to achieve your financial goals and significantly increases your chance of closing.

What Benefits Do Owners Enjoy When They Are a Client of Murphy Business?

At Murphy Business, we specialize in various aspects of business brokerage. No other company in the world comes close to our knowledge, expertise and our connections worldwide.

For a faster close, Murphy Business Associates can prepare a professional third-party valuation to determine your company's fair market value. This will ensure that your business is priced appropriately and will be attractive to prospective buyers.

We also prepare a complete and thorough Offering Portfolio that provides qualified buyer in-depth and confidential information about your business. Most brokers use a one page non-descript listing form. Murphy Business Associates provide a comprehensive portfolio detailing vital information about your business which is the kind of information a

registered/qualified/serious buyer wants access to in order to make an informed decision about pursuing your business. Our experience is that our Offering Portfolio is unique and exclusive which makes us a favorite with serious buyers. What this means to you is that we can sell your business because we have access to qualified and serious potential buyers. In addition, it means that lenders know that when they are looking at a Murphy Business deal there will be less complications leading to more favorable terms. Spending more time and attention preparing the business for sale results in a smoother sales process and yields higher returns for the seller.

At Murphy Business, we design a custom plan to promote your business to likely buyers. We directly market your business through global networks and on multiple websites, which means that you have a powerful network of business brokers working with us to find the perfect buyer.

Experienced and efficient...We perform all the work for a swift sale.



We understand the importance of maintaining confidentiality so information about your business is shared with potential buyers in stages as their level of interest heightens. ***We do not disclose confidential information without a signed Confidentiality Agreement and buyer application.*** We work toward full disclosure with either an “Offer to Purchase” or a “Letter of Intent to Purchase.”

That’s not all! We use our banking and financing contacts to assist the buyer in arranging favorable financing. This includes traditional financing, small business loans (SBA) or the use of non-traditional lenders. By doing this, we can also help minimize the amount of seller financing.

Our goal is to complete the sale by removing hurdles, whatever they may be. So whether we have legal issues, financing concerns or real estate matters we have solutions that we can apply to resolve the matter quickly and effectively.

Step by Step...
Murphy Business and Financial Corporation is invested in the process and is with you every step of the way.

You’ve taken the first very important step toward sound financial, strategic and tactical planning. This step will benefit you greatly and will significantly increase your chances of selling your business.

At Murphy Business and Financial Corporation, we overcome every problem and frustration a business owner might face when it is time to sell their business.

1 *Initial Meeting:*

We’ll execute a Confidentiality Agreement which validates our reliability and integrity of keeping your business information in strict confidence. We’ll want to hear about your situation and discuss the reasons you want to sell, market conditions, history and discuss goals and strategies. We will review your financial statements and tax returns to ensure that your goals are within reach.

2 *Prepare Your Business to Sell:*

We start the selling process by reviewing your financial data in more detail and will recast income statements and discuss the value of assets on the balance sheet. We will also collect historical and current information regarding the operation of the business. We use this information for two basic reasons; we will supply data to a third party valuator who will value the business and we will prepare a comprehensive

marketing portfolio explaining the business’ current status and market information. Based on the information we receive from you, we will prepare:

- A Confidential Business Profile
- A Confidential Outline for Listing Services
- A Confidential Memorandum
- A “Fair Market” Business Appraisal
- Comprehensive Market Analysis

3 *Listing Your Business For Sale:*

We will meet with you and present our comprehensive portfolio, highlighting your market position and your business appraisal to determine if the results matched your expectations regarding market value. We will review with you our Standard Listing Agreement that explains how we work with you on the sale of the business. At this point the broker will want to hear from you about the business, your employees, your responsibilities and other relevant issues regarding the transfer of ownership. This meeting is one of the more important steps in the process and so your Murphy Business Associate will coach you through any formalities.

4 *Marketing Your Business For Sale:*

The next step in the process is aggressively marketing for serious, qualified buyers. Our network consists of a vast array of contacts both locally and worldwide. Being members of numerous powerful organizations and our unique networking ability allows us to attract qualified, serious buyers quickly.

5 *Marketing and Qualifying Buyers:*

We will place “blind ads” in local and national newspapers such as the Wall Street Journal, USA Today and appropriate trade journals. We will actively use internet profiles, letters, emails, phone calls and networking with brokers worldwide to attract buyers. We aggressively market your business. Qualification of serious buyers is a delicate task buy something that we do not take lightly. We’ll determine a potential buyer’s financial capability, experience, time frame, along with their commitment to the process. We are experienced at matching buyers and sellers by reviewing financial goals and determining businesses that are best suited to meet the buyer’s profile.

6 *Presenting to a Qualified Buyer:*

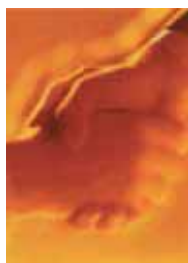
We remain in constant contact keeping you informed of buyer interest. When a buyer meets our criteria and executes a Confidentiality Agreement, a full presentation will be made. In our conversations with buyers, we will discover which buyer’s goals and objectives more closely match the seller’s business. We closely monitor for buying signs and look for “red flags” as we are going through this process.

7 Conduct a Buyer/Seller Meeting:

We have found a serious buyer and he/she has met our criteria, can be financed, has sufficient down payment and is serious about the business in question. The next step in the process is a meeting with the buyer and the seller. The buyer will present his or her financial capabilities, interest in the business, history in business and you will discover his or her style, attitude and personality. The seller will answer additional questions that the buyer has about the business.

8 Presenting the Offer and Closing:

We assist the buyer in making an offer to you. We'll present the offer to you, facilitate any counter offer and present a final and complete package to the closing attorney. Our closings are thorough and complete and cover the smallest of details. In addition, we assist the buyer with due diligence and work to remove any contingencies. We review closing documents with you, the buyer and the closing attorney. Finally, we attend the closing with you to ensue all documents are in place, to answer any last minute questions or address any concerns that may arise.



Discover What Other Satisfied Customers Have To Say About Their Experience with Murphy Business

"They did everything they said they would do, and much more. They found three viable buyers in less than a month!"

Mark D. Beasley, Broker
Jim Nobles Property Management, Inc.

"It was a pleasure working with Murphy Business and the people they recommended to me. I couldn't have made the purchase without their help."

Robert Duley, President
The Closet Factory

"Our situation was a tough one, but their perseverance and attentiveness helped us achieve the sales successfully."

Bill Wimble, President, General Partner
Redstone Resources, Ltd.



**There's Someone
Waiting to Buy Your
Business... Are You
Ready to Get Started?**

Thank You

Thank you for taking the time to read this report about what goes on behind the scenes when you are thinking about selling your business.

Identifying excellence in a professional business brokerage firm shouldn't be difficult. Take, for example, the following criteria:

- Proven track record of successful business closings
- High closing ratios
- Ready access to buyers and sellers, both nationwide and internationally
- Systems and processes to match buyers and sellers
- Highly experienced and credentialed professionals
- Unsurpassed standards of business ethics
- Membership in all significant industry associations, group listing services, multiple listing services and brokerage networks

Founded in 1994 by Roger J. Murphy, Murphy Business and Financial Corporation meets these criteria. As a result, the firm has become one of the nation's largest and most successful business brokerage firms with offices conveniently located throughout the United States.

Members of the Murphy team have been carefully recruited and selected for their high level of achievement as former CEOs, CFOs, CPAs, business owners and senior level executives in a wide range of industries and professions. But their accomplishments don't stop with their prior experience. Associates receive intensive training, ongoing support and many have subsequently received the highest awards, credentials and designations in our industry.

We invite you to learn more about Murphy's approach to the business brokerage profession. We hope to demonstrate how we provide both clients and professional partners with the highest standards of professional service and unmatched performance in the sale of privately held businesses, mergers, acquisitions, sales and re-sales of franchise businesses, commercial real estate transactions, machinery and equipment appraisal, machinery and equipment brokerage, business valuations and business consulting.

Affiliations

International Business Brokers Association (IBBA)
Association for Corporate Growth
Business Brokers of Florida (BBF)
Institute of Business Appraisers (IBA)
National Equipment & Business Builders Institute
Certified Business Counselors
M&A Source Group
Mainsource Merger/Acquisition Network
Many other State Broker Associations

Credentials

Certified Business Intermediary (CBI)
Certified Business Counselor (CBC)
Certified Business Broker (CBB)
Senior Business Analyst (SBA)
Real Estate Broker's License (Most States)
Board Certified Intermediary (BCI)
Certified Business Valuation Specialist (BVS)
Certified Machinery and Equipment Appraiser (CMEA)

With the team at Murphy Business and Financial Corporation, you can be assured you are represented by outstanding, experienced and knowledgeable Business Brokers who will provide you with sound financial, strategic and tactical implementation to achieve a successful sale of your business.

Sincerely,
Roger J. Murphy
CEO/President

Documents You Will Need To Sell a Business:

Note:

When you are interested in selling your business, questions relating to the sale of your business must be answered. This is necessary in order to determine the "Fair Market Value" or range of values for your company.

THE FOLLOWING DOCUMENTS MAY BE NEEDED OR WILL NEED TO BE AVAILABLE FOR A BUYER AND A LENDER IF THE BUYER IS USING OUTSIDE FINANCING (some documents may not apply)

• **FINANCIAL RECORDS**

HISTORICAL FINANCIAL STATEMENTS (For the most recent three years)

- Profit and loss statements, balance sheet
- Bank statements

FEDERAL TAX RETURNS (For the most recent three tax reporting years)*

- Corporate Tax Returns (Form 1120 or 1120s)
- Schedule C (Form 1040)
- Partnership Tax Return (Form 1065)
- Sales Tax Return
- Payroll Tax Return
- Interim Financial (For the most recent reporting period)
- Schedule of all indebtedness of the business
- Accounts receivable aging report
- Inventory information
- Summary of job — in — progress report

• **COMPANY ASSETS AND REAL ESTATE**

- List of Assets to be included in the sale
- List of Assets to be excluded from the sale
- List of Assets not appearing on balance sheet
- Copies of leases for real estate and equipment
- Legal description of any real property included in the sale
- Appraisals on real estate and/or equipment (if available)
- Environmental reports/surveys

• **EMPLOYEE RELATED**

- Any employment contracts, representative agreements, etc.
- Organizational Chart (Job description and rates of compensation)
- Copies of any pension and/or profit sharing plans
- Buy/sell and/or shareholder agreements
- Employee benefits, group health insurance etc.

• **CONTRACTS, POLICIES, MARKETING ETC.**

- Copies of all insurance policies
- Brochures, advertisements, yellow page ads, articles, maps, etc.
- List of any contracts for services
- Copies of any patents, copyrights, trademarks or contracts of value

*SBA and/or other lenders will require at least three years of tax returns.



Murphy Business and Financial Corporation
“The Nation’s Premier Brokerage Firm”

*For additional information on Brokerage or the
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