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- AVAILABLE OPPORTUNITIES
- SELECTED SOLD
- HOW TO IMPROVE YOUR ODDS OF CLOSING YOUR TRANSACTION

BRE #01160661

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HOW TO IMPROVE YOUR ODDS OF CLOSING YOUR TRANSACTION



By: Ian MacLachlan
President

Tip #1

For the most part, the sales of lower middle market and smaller companies are now effected by a purchase agreement or contract often called “Offer and Agreement to Buy” rather than a letter of intent (LOI). Whether you are the buyer or the seller, you are already ahead if a purchase agreement rather than an LOI is used since the former is binding, except for contingencies, whereas the LOI is most often not, except for confidentiality and exclusivity. In addition the purchase contract is much more specific about what is and isn't included

usually three or four blanks to fill in when the agreement is completed. These are inventory, accounts receivable (A/R), accounts payable (A/P) and work in process (WIP). The total dollar amount is a best guess of what is included – escrow will adjust the final sale price based upon any variance at closing from this number. On the eve of closing these numbers must be calculated and the results agreed upon by buyer and seller. Sometimes this can be contentious, delaying the completion of the sale and on the rare occasion blowing it up entirely.

Tip # 2 Inventory

Before a number is chosen to be entered into the offer levels from current and prior balance sheets should be reviewed and adjustments for seasonality considered if applicable. The objective is to predict a number that at the time of closing, say 60 days out, is going to be close to what a physical count will indicate, requiring only a small plus or minus adjustment by escrow. During the escrow process a methodology should be discussed and negotiated between buyer and seller. This job is much easier if the inventory system is completely computerized with the quantity, orders, sales, cost and extensions available with a click or two. Often the buyer will opt for only spot checks and forgo a physical count if spotcheck results tally.

By the way, if you are contemplating selling your business and you have a lot of SKUs and high dollar value you should invest in such a system if not already in place – it will add significant value to a buyer. The next inventory related topic to be addressed is the valuation of slow-moving or obsolete items. Every business will have in stock some inventory that is turning over infrequently and is, in some cases, worthless. Naturally enough, the buyer is reluctant to buy such inventory at the sellers cost so well in advance of closing formulas should be discussed/negotiated. In a few cases Business Team (the broker) has negotiated consignment arrangements or helped to source a buyer for the unwanted items.

The same methodology should be applied in calculating A/R and A/P. An aging report should be produced during the escrow period. The buyer may, based upon customer history, decline to pay full price for 60 – 90 day invoices. Likewise, A/P that is delinquent may be declined by the buyer if it is probable that immediate payment will be required which would negatively impact the buyer's cash flow. As with inventory, a sign off of A/R and A/P will be required and the total of all three items forwarded to escrow for the closing statement adjustment.

Nest issue: Tip 3 - Disclosure

(408) 316-5198**Professional Affiliations:**

IBBA (past board member)

CABB (past president)

Background/Experience:

Mr. MacLachlan is the President and founder of BTI Group (1981), the largest regional intermediary for small and mid-sized businesses, with over 10 offices in the Western United States and over 6,800 completed transactions. He is qualified as an expert witness in California Superior Court. Prior to founding BTI Group, Ian started a chain of motorcycle dealerships which he built into the largest Kawasaki dealer in the U.S. The experience of selling it prompted him to enter the merger and acquisition profession. He is a founder, past President, and former Director of the California Association of Business Brokers, a past Director and current member of the International Business Brokers Association, and a member of M&A Source. He is a frequent speaker at industry conferences. Ian received a degree in physics from San Jose State University.

[For more selected opportunities, click here](#)

Top 10 BTI Listings

Highest Cash Flow



Electrical Contractor - Commercial/Industrial

Listing #:SF1098
Category:Building and Construction
Location:Northern California

Gross Sales: \$22,968,285
Adjusted Earnings: \$3,055,923
Asking Price: \$8,800,000



[Details](#)



Profitable, Landmark Power Sport Dealership

Listing #:NV2536
Category:Dealerships
Location:Reno

Gross Sales: \$19,460,413
Adjusted Earnings: \$1,881,355
Asking Price: \$5,475,000



[Details](#)



Listing #:NV2620
Category:Miscellaneous
Location:Nevada



Growing Sporting Goods Brand with \$4mm+ in Sales

Listing #:SF1112
Category:Wholesale & Distribution
Location:Unknown

Gross Sales: \$4,203,282
Adjusted Earnings: \$1,198,919
Asking Price: \$4,800,000

 [Details](#)



Premier Pool and Spa Construction, Service, and Su

Listing #:NV2550
Category:Services
Location:Nevada

Gross Sales: \$4,291,740
Adjusted Earnings: \$1,125,941
Asking Price: \$3,050,000

 [Details](#)



Tree Service with Solid 20-Year Reputation

Listing #:NV2555
Category:Professional
Location:Nevada

Gross Sales: \$1,975,403
Adjusted Earnings: \$978,570
Asking Price: \$2,895,000

 [Details](#)



Plumbing and HVAC Contractor

Listing #:NV2624
Category:Manufacturing
Location:Nevada

Gross Sales: \$5,100,310
Adjusted Earnings: \$833,385
Asking Price: \$2,700,000

 [Details](#)



Specialty Medical Practice - \$800,000 Net Income!

Listing #:SA4027
Category:Health and Medical
Location:Sacramento

Gross Sales: \$1,810,706
Adjusted Earnings: \$798,397
Asking Price: \$2,000,000

 [Details](#)

[Construction & Maintenance Co](#)

Listing #:NV2547
Category:Building and Construction
Location:Northern Nevada



[Fast Growing Multi-Store Mattress Chain](#)

Listing #:8623
Category:Furniture & Appliances
Location:Northern California

Gross Sales: \$3,529,130
Adjusted Earnings: \$722,240
Asking Price: \$2,200,000



[Details](#)

[For more selected opportunities, click here](#)

Selected Available Opportunities **230 Businesses Available**



[Building Maintenance - \\$600,000+ in Earnings!](#)

Listing #:SA4024
Category:Business (or Biz to Biz)
Location:Sacramento

Gross Sales: \$2,437,039
Adjusted Earnings: \$684,891
Asking Price: \$1,580,000



[Details](#)



[Absentee with \\$650k SDE](#)

Listing #:SF1129
Category:Publishing, Printing and Graphic Arts
Location:East Bay

Gross Sales: \$4,150,265
Adjusted Earnings: \$656,164
Asking Price: \$2,100,000



[Details](#)



[Fabricating Plant](#)

Listing #:PH3955
Category:Building and Construction
Location:East Bay



[Established Window Covering Business](#)

Listing #:SF1081
Category:Business (or Biz to Biz)
Location:Northern California

Gross Sales:
\$3,821,803

Adjusted Earnings:
\$607,087

Asking Price:
\$2,275,000

 [Details](#)



[Profitable Fabrication Business](#)

Listing #:NV2612
Category:Building and Construction
Location:Nevada

Gross Sales:
\$1,986,216

Adjusted Earnings:
\$596,554

Asking Price:
\$1,770,000

 [Details](#)



[PRICE REDUCED! 3.25 Multiple!](#)

Listing #:NV2569
Category:Auto
Location:Nevada

Gross Sales:
\$1,453,609

Adjusted Earnings:
\$584,081

Asking Price:
\$1,900,000

 [Details](#)



[Growing Staffing Business](#)

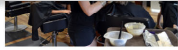
Listing #:SF1133
Category:Staffing, Recruitment & Consulting
Location:Northern California

Gross Sales:
\$2,503,926

Adjusted Earnings:
\$568,404

Asking Price:
\$1,649,000

 [Details](#)



W/ FEDERAL FINANCIAL AID

Listing #:8632
Category:Franchises
Location:South Bay



40+ Year Glass Distribution and Fabrication Co

Listing #:NV2602
Category:Auto
Location:Nevada

Gross Sales: \$0
Adjusted Earnings: \$500,001
Asking Price: \$2,100,000

 [Details](#)



\$500k SDE, Painting Service Business in NorCal

Listing #:SF1088
Category:Professional
Location:Northern California

Gross Sales: \$1,689,387
Adjusted Earnings: \$493,938
Asking Price: \$700,000

 [Details](#)



TIRES & SERVICE FRANCHISE

Listing #:8569
Category:Tire Stores
Location:Peninsula

Gross Sales: \$2,572,858
Adjusted Earnings: \$474,486
Asking Price: \$1,250,000

 [Details](#)

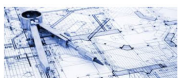


Multi-Disciplinary Engineering Firm

Listing #:NV2630
Category:Unspecified
Location:Northern Nevada

Gross Sales: \$2,319,616
Adjusted Earnings: \$458,922
Asking Price: \$1,450,000

 [Details](#)



Engineering Firm Owner Will Stay To Transitions

Listing #:PH3939
Category:Professional
Location:East Bay

Gross Sales: \$2,090,965
Adjusted Earnings: \$439,481
Asking Price: \$1,600,000

 [Details](#)



[Staffing Company](#)

\$438,294

\$1,600,000

[Details](#)

Listing #:SF1116
Category:Staffing, Recruitment & Consulting
Location:Northern California



[Specialty Caterer in High-End Travel Industry](#)

Gross Sales:
\$1,788,998

Adjusted Earnings:
\$422,458

Asking Price:
\$1,600,000

 [Details](#)

Listing #:SF1092
Category:Catering
Location:Northern California



[Moving Company](#)

Gross Sales:
\$1,140,411

Adjusted Earnings:
\$400,023

Asking Price:
\$900,000

 [Details](#)

Listing #:NV2656
Category:Services
Location:Northern Nevada



[Home Improvement Distribution - SDE \\$380,000](#)

Gross Sales:
\$3,037,844

Adjusted Earnings:
\$383,215

Asking Price:
\$1,500,000

 [Details](#)

Listing #:SA4018
Category:Wholesale & Distribution
Location:Sacramento



[Top Electrical Contractor-Part-Time Owner!](#)

Gross Sales:
\$3,880,103

Adjusted Earnings:
\$382,843

Asking Price:
\$899,000

 [Details](#)

Listing #:SF1127
Category:Building and Construction
Location:East Bay



Listing #:SF1118
Category:Building and Construction
Location:Northern California



[Machine Shop](#)
Listing #:NV2648
Category:Manufacturing
Location:Northern Nevada

Gross Sales: \$1,211,008
Adjusted Earnings: \$366,441
Asking Price: \$3,090,000

 [Details](#)



[Custom Cabinetry Business](#)

Listing #:NV2655
Category:Building and Construction
Location:Northern Nevada

Gross Sales: \$1,153,359
Adjusted Earnings: \$343,000
Asking Price: \$790,000

 [Details](#)



[\\$342K Net Earnings makes this one Juicy!](#)

Listing #:SA4019
Category:Building and Construction
Location:Central Valley

Gross Sales: \$863,635
Adjusted Earnings: \$342,113
Asking Price: \$675,000

 [Details](#)



[Lake Tahoe Resort Community Grocer](#)

Listing #:NV2619
Category:Retail
Location:Nevada

Gross Sales: \$4,005,445
Adjusted Earnings: \$336,501
Asking Price: \$990,000

 [Details](#)



[S&S Welding Company San Jose + 47 Years](#)

Listing #:8603
Category:Manufacturing
Location:South Bay

Gross Sales: \$759,792
Adjusted Earnings: \$323,553
Asking Price: \$300,000

 [Details](#)



**Restaurant
PRICE
REDUCTION**

Listing #:NV2628
Category:Food and Beverage
Location:Nevada



**Services High-Flyer!
\$300K SDE
+ Marquis
Clients**

Listing #:SF1104
Category:Services
Location:Northern California

Gross Sales: \$888,297
Adjusted Earnings: \$301,549
Asking Price: \$995,000



Recently Sold

[Contact us for details](#)

Industry	Company	Industry	Company
Silicon Wafer Manufacturing	Ultrasil Corporation	Tire Store	Big O Tires #5274
E-Waste Recycling	Blue Star Company	Laundromat with Entertainment	Duds 'N Suds
In-Home Care Services for Seniors	Seniors Helping Seniors	Cleaning Service	Sunshine Cleaning Services
Tire Store	Big O Tires #5276	Aviation Manufacturing	Charles A. Starr Co
Entertainment Rental	Astro Jump of San Jose	Auto Repair	Japan Auto Repair
Italian Restaurant	Ristorante Avanti	LED Safety Lighting Products	Whip It Light Rods, LLC
Fitness Studio	Retro Fitness Main Street	Aircraft Propeller Overhaul	Stockton Propeller, Inc.
Gas Station	Seaside Union 76	Learning Center	Chinese Bilingual Learning Center
Health/Skin/Medical Product Exporter	Pacific Trading Group	Tire Store	Reno Tire Pro
Auto Repair	Deano's Automotive	Stamping and Engraving	Ponderosa Stamp and Engraving
Mexican Restaurant	El Taco Factory	Auto Service	SpeeDee Oil and Auto Service
Tire Store	Clayton Tire Supply	Korean Restaurant	HOM Korean Kitchen
Engineering Service	Delta Electric	Cat Sitting/Care	Precious Fur

● Merger / Acquisition ● Valuations		
<p>Announcing Ultrasil Corporation Has been acquired by East Asia Investment, LLC This acquisition was arranged and coordinated by BUSINESS TEAM</p>	<p>Announcing Big O Tires Has been acquired by A Private Investor This acquisition was arranged and coordinated by BUSINESS TEAM</p>	<p>Announcing Blue Star Company Has been acquired by A Private Investor This acquisition was arranged and coordinated by BUSINESS TEAM</p>
<p>Announcing Astro Jump Has been acquired by A Private Investor This acquisition was arranged and coordinated by BUSINESS TEAM</p>	<p>Announcing Whip It Light Rods, LLC Has been acquired by TCB, Inc. This acquisition was arranged and coordinated by BUSINESS TEAM</p>	<p>Announcing Seaside Union 76 Has been acquired by Falco Inc. This acquisition was arranged and coordinated by BUSINESS TEAM</p>
<p>Announcing El Taco Factory Has been acquired by A Private Investor This acquisition was arranged and coordinated by BUSINESS TEAM</p>	<p>Announcing Retro Fitness Main Street Has been acquired by Big Ideas Inc. This acquisition was arranged and coordinated by BUSINESS TEAM</p>	<p>Announcing HOM Korean Kitchen Has been acquired by A Private Investor This acquisition was arranged and coordinated by BUSINESS TEAM</p>
<p>Announcing Delta Electric Company Has been acquired by A Private Investor This acquisition was arranged and coordinated by BUSINESS TEAM</p>	<p>Announcing Shear Magic Salon Has been acquired by Expense, LLC This acquisition was arranged and coordinated by BUSINESS TEAM</p>	<p>Announcing Japan Auto Repair Has been acquired by J&J Automotive Repair LLC This acquisition was arranged and coordinated by BUSINESS TEAM</p>

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Marion Gloege, Editor

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