



In This Issue

- Inventory Considerations
- Recently Sold
- Available Listings

For Buyers and Sellers of Businesses- \$0-\$100M Revenue

Business Team Newsletter

February 2025 Edition

Scroll down to see sold and new listings.

Inventory Considerations When Buying or Selling a Business



Eric Breidenbach

[Visit our Website](#)

Inventory plays a crucial role in many types of businesses, particularly in manufacturing, distribution, and retail. Whether you're a business owner preparing to sell or a buyer evaluating a potential acquisition, understanding inventory valuation and how it affects the purchase price is essential.

What Sellers Need to Know

Buyers, in most cases, will require that the purchase price includes the necessary amount of inventory to operate the

business. The business owner should have an estimate of this amount and systems in place to value it so that the buyer can have confidence in the number. Some considerations:

- **Obsolescence & Shrinkage** – Changing technology, shifting consumer preferences, theft, and damage can all impact inventory value and the quantities that are appropriate to stock. Addressing these factors early can prevent disputes during negotiations.
- **Inventory Accuracy** – Have you conducted a recent physical count? Buyers will scrutinize inventory records, so reconciling any discrepancies in advance can prevent last-minute surprises.
- **Valuation** – Inventory should be valued at the lower of cost or market. If some products are obsolete, overstocked, or damaged, their value should be adjusted accordingly.

How Inventory Affects Purchase Price

When businesses are sold, the purchase price typically includes a specified amount of inventory—e.g., "Price includes \$50,000 of inventory." Since inventory levels fluctuate, a final adjustment is made at closing to reflect the actual inventory on hand:

- If the inventory at closing is less than the agreed amount, the purchase price is reduced by the shortfall. Example: If only \$40,000 of inventory is present, the price decreases by \$10,000 to reflect the missing inventory.
- If the inventory is greater than the agreed amount, the buyer may need to pay extra or negotiate a fair adjustment.

To avoid surprises, buyers and sellers should conduct a physical inventory count before closing, either together or using an independent service.

What Buyers Should Look For

Buyers need to conduct thorough due diligence on inventory to ensure they are receiving what they expected. Key steps include:

- **Assessing Inventory Levels** – Is the stock level appropriate for ongoing operations? Buyers should be aware of excess or slow-moving inventory and negotiate adjustments if necessary.
- **Assessing Inventory Controls** – The systems and management processes for tracking and controlling inventory vary widely among privately held businesses. Investigate what mechanized systems are in place, if any, and what processes and procedures exist to manage inventory quantities and accuracy.
- **Inventory Count & Valuation** – A physical count must be conducted shortly before closing, jointly by the buyer and seller or through a third party. If inventory levels differ from what was agreed upon, an adjustment to the purchase price will need to be made. The buyer can opt to perform inventory test counts early in due diligence to get an early indication of inventory record accuracy.
- **Understanding Cycle Counts** – Some businesses conduct periodic counts of select inventory items (ABC method), where high-value, fast-moving items are checked more frequently. Buyers should inquire about the business's approach to ensure accuracy.

The Bottom Line

For sellers, presenting an organized and well-documented inventory enhances buyer confidence and reduces transaction hurdles. For buyers, thorough inventory due diligence ensures they are paying a fair price based on actual inventory levels.

Since inventory directly impacts the final purchase price, both parties should work together to ensure accurate inventory counts and fair adjustments—leading to a smooth and transparent transaction.

About Eric Breidenbach

Eric joined Business Team in 2017 and has 25 years of experience brokering the sale of privately held businesses. A

CPA with an MBA, he has been involved in mergers and acquisitions domestically and internationally since 1988. Eric's background spans finance, accounting, and general management, including CFO roles and leading high-growth multi-state startups in the Pacific Northwest. He currently oversees Business Team's Seattle office, bringing strategic expertise to business sales and acquisitions.

Done Deal!

Recently Sold



Laundromat

Sale Price \$199,000



BT
Business Team[™]
Business Sales & Acquisitions
A Division of BTI Group

Recently Sold



Laundromat

Sale Price \$120,000



BT
Business Team[™]
Business Sales & Acquisitions
A Division of BTI Group

Recently Sold



Data Cable Installer-
Contractor

Sale Price \$650,000



BT
Business Team[™]
Business Sales & Acquisitions
A Division of BTI Group

Recently Sold



Optical Shop

Sale Price \$272,293



BT
Business Team[™]
Business Sales & Acquisitions
A Division of BTI Group

Recently Sold



Plastic Injection
Molding Firm

Sale Price \$287,500



BT
Business Team[™]
Business Sales & Acquisitions
A Division of BTI Group

Recently Sold



Turnkey Bar & Grill

Sale Price \$80,000



BT
Business Team[™]
Business Sales & Acquisitions
A Division of BTI Group

Recently Sold



Septic Pumping and Maintenance

Sale Price \$1,750,000

SOLD

BT
BusinessTeam[™]
Business Sales & Acquisitions
A Division of BTI Group

Recently Sold



Steady Transmission Business

Sale Price \$400,000

SOLD

BT
BusinessTeam[™]
Business Sales & Acquisitions
A Division of BTI Group

Recently Sold



Freight Forwarding

Sale Price \$1,100,000

SOLD

BT
BusinessTeam[™]
Business Sales & Acquisitions
A Division of BTI Group

Recently Sold



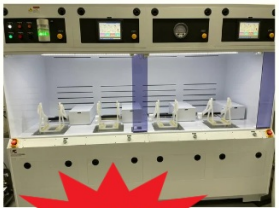
Multi Store Dry Cleaners

Sale Price \$550,000

SOLD

BT
BusinessTeam[™]
Business Sales & Acquisitions
A Division of BTI Group

Recently Sold



Semiconductor Equipment Manufacturer

Sale Price \$5,750,000

SOLD

BT
BusinessTeam[™]
Business Sales & Acquisitions
A Division of BTI Group

Recently Sold



Electric and Construction Company

Sale Price \$5,200,000

SOLD

BT
BusinessTeam[™]
Business Sales & Acquisitions
A Division of BTI Group

Businesses for Sale



E-Commerce Men's Clothing Retailer

Listing #: 11571

Location: Los Angeles, CA

Gross Sales \$7,447,139

Adjusted Earnings: \$991,813

Asking Price: \$3,900,000



Wholesale Scuba Gear & Wear

Listing #: SA11571

Location: Alameda County

Gross Sales: \$936,520

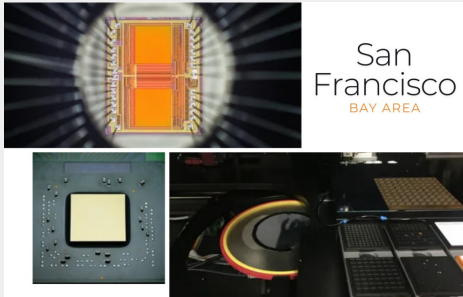
Asking Price: \$1,000,000



Bicycle Sales & Service Shop
Listing #: 11581
Location: Northern California
Gross Sales \$1,084,030
Adjusted Earnings: \$217,668
Asking Price: \$585,000



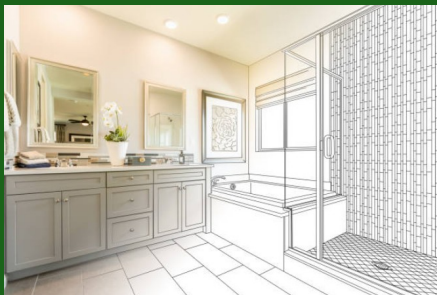
Auto Glass Shop
Listing #: 11424
Location: Santa Clara County
Gross Sales \$604,350
Adjusted Earnings: \$158,829
Asking Price: \$700,000



**Micro Electronics
Assembly Company**
Listing #: SA11513
Location: Northern California
Gross Sales: \$450,000
Asking Price: \$1,250,000



Destination Niche Plant Nursery
Listing #: SF11549
Location: Northern California-East Bay
Gross Sales: \$730,545
Asking Price: \$499,000



**Established Bath and Kitchen
Remodeler**
Listing #: 11565
Location: Santa Clara County
Gross Sales \$1,027,560
Adjusted Earnings: \$290,368
Asking Price: \$550,000



Custom-Made Plastics Manufacturer
Listing #: 11568
Location: Washington
Gross Sales \$215,524
Asking Price: \$225,000



Oil Change & Auto Service
Listing #: 11564
Location: Santa Clara County
Gross Sales: \$1,000,000
Adjusted Earnings: \$86,842
Asking Price: \$475,000



Structural Engineering Business
Listing #: SF11515
Location: Alameda County
Gross Sales \$729,983
Adjusted Earnings: \$304,690
Asking Price: \$800,000



**Established Rebar
Fabrication Company**
Listing #: 11229
Location: Northern California
Gross Sales \$7,689,805
Adjusted Earnings: \$533,915
Asking Price: \$2,500,000



Fire Extinguisher Service
Listing #11510
Location: San Mateo County
Gross Sales: \$247,129
Adjusted Earnings: \$179,146
Asking Price: \$339,000



Comprehensive Auto Repair
Listing #PH11105
Location: Contra Costa County
Gross Sales: \$1,493,253
Adjusted Earnings: \$389,005
Asking Price: \$1,295,000



**Residential & Commercial Painting
Contractor**
Listing #SA11450
Location: Sacramento County
Gross Sales: \$371,262
Adjusted Earnings: \$156,655
Asking Price: \$250,000



Wholesale Boutique Bakery
Listing #:EG10960
Location: Lane County, OR



Acoustic Measurement Mfg & Supply
Listing #:11304

Gross Sales: \$381,570
Adjusted Earnings: \$103,471
Asking Price: \$299,000



Full Dry Cleaner Plant & Alterations

Listing #SA11285
Location: Placer County
Gross Sales: \$172,627
Adjusted Earnings: \$61,219
Asking Price: \$300,000

Location: Northern California
Gross Sales: \$422,188
Adjusted Earnings: \$189,068
Asking Price: \$600,000



Wholesale Bakery

Listing #SA11313
Location: Northern California
Gross Sales: \$2,737,751
Adjusted Earnings: \$504,631
Asking Price: \$1,800,000



Jersey Mike's Established Franchise

Listing #: SA11443
Location: Sacramento
Gross Sales \$708,409
Asking Price: \$750,000



Manufactured Home Resale Brokerage

Listing #: PO11552
Location: Clackamas County, OR
Gross Sales: \$851,708
Adjusted Earnings: \$270,375
Asking Price: \$795,000



Coffee Shop

Listing #: EG11377
Location: Portland, OR
Gross Sales: \$249,000
Adjusted Earnings: \$59,417
Asking Price: \$249,000



Boutique Online Coffee & Weightlifting Apparel

Listing #: SA11364
Location Sacramento County
Gross Sales: \$701,981
Adjusted Earnings: \$149,340
Asking Price: \$650,000



Leading Kitchen & Bath Cabinetry

Listing #:10740
Location: Northern California
Gross Sales: \$4,211,228
Adjusted Earnings: \$334,726
Asking Price \$1,500,000



Personal Training Gym

Listing #:11416
Location: Oakland, CA
Gross Sales: \$178,230
Adjusted Earnings: \$103,156
Asking Price \$353,000



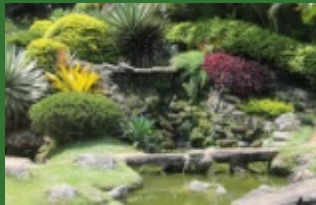
Pest Control Company

Listing # SA11303
Location: Sacramento County
Gross Sales: \$579,359
Adjusted Earnings: \$314,733
Asking Price: \$725,000



Security Guard and Patrol Company

Listing # LA11341
Location: Southern California
Gross Sales: \$961,416
Adjusted Earnings: \$178,248
Asking Price: \$525,000



Award Winning Landscape

Business for Sale

Listing #:10382
Location: Northern California
Gross Sales: \$2,288,622
Asking Price: \$1750,000



**Profitable General
Engineering Company**

Listing #: IR11227
Location: Southern California
Gross Sales: \$3,107,439
Adjusted Earnings: \$483,120
Asking Price: \$3,600,000



SEE ALL
7,100+
LISTINGS BTI
GROUP HAS

For additional information, please visit our website.
www.business-team.com

SEE ALL LISTINGS

SOLD



Lara Larkin -Editor

Associate with our Sacramento office bringing over 30 years of experience in the financial services industry to help business owners successfully exit and move on to their next chapter.



Business Team | 1475 S. Bascom Ave Suite 113 | Campbell, CA 95008 US

[Unsubscribe](#) | [Update Profile](#) | [Constant Contact Data Notice](#)



Try email marketing for free today!