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

Business Team Newsletter

December 2024 Edition

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Is the Buyer Qualified?



By Ian MacLachlan

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In last month's newsletter, we listed some aspects of buyer qualification, including financial capacity, education, and resolve. This month, we're diving deeper into each aspect to explain their importance in setting the stage for a successful transaction.

Financial Capacity

Financial capacity is the easiest qualification to verify—can the buyer demonstrate sufficient cash on hand for the required down payment? Often, business sellers and business brokers are shy about demanding reasonable proof from buyer prospects. But introducing an unqualified buyer not only risks confidentiality but also wastes

everyone's time and resources. It's essential to ensure buyers are financially capable before proceeding with the process.

Buyer Education

The majority of business buyers have never bought a business before, and the task can appear quite complicated and nervewracking. Without a solid understanding of the process, the buyer may feel lost or unsure. It's a business broker's responsibility to proactively educate buyers about business valuation, purchase agreements, due diligence, financing options, and timelines. A knowledgeable buyer is more likely to make confident and informed decisions.

Resolve

While buying an established business is by far less risky than starting from scratch, there is, of course, a possibility that the acquisition is not a success. Sometimes, the drawn-out process of closing a transaction can lead the buyer to begin questioning her decision to purchase. Will the employees stay? What's happening to the market? Can I fill the owner role? Even for an experienced business broker, it can be difficult to determine if the resolve is there. However, there are usually early warning signs of the buyer's concerns that must be addressed, either by reassuring her of the value of the purchase or by allowing her to terminate so that the seller and broker can move on with minimal downtime.

Key to Closing Success

Addressing all buyer qualification aspects upfront greatly improves the likelihood of a successful transaction. This includes verifying that buyers meet financial and operational criteria, understand the purchase process, and have clarity about the business they are pursuing. For both sellers and buyers, working with a skilled business broker can simplify the process and minimize potential obstacles, paving the way for a smoother and successful closing.

Done Deal!

Recently Sold



Plastic Injection Molding Firm

Sale Price \$287,500



Recently Sold



Turnkey Bar & Grill



Recently Sold



Septic Pumping and Mainentance

Sale Price \$1,750,000



Recently Sold



Steady Transmission Business

Sale Price \$400,000



Recently Sold



Freight Forwarding

Sale Price \$1,100,000



Recently Sold



Multi Store Dry Cleaners

Sale Price \$550,000



Recently Sold



Semiconductor Equipment Manufacturer

Sale Price \$5,750,000



Recently Sold



Electric and Construction Company

Sale Price \$5,200,000



Recently Sold



Custom Signage Company

Sale Price \$2,500,000



Recently Sold



Metal Coating and Finishing

Sale Price \$1,950,000





Businesses for Sale



Micro Electronics
Assembly Company
Listing #: SA11513
Location: Northern California
Gross Sales 600,000
Asking Price: \$1,850,000



Auto Repair & Maintenance Service
Listing #11467
Location: Contra Costa County
Gross Sales: \$1,817,534
Adjusted Earnings: \$214,487
Asking Price: \$650,000



Oil Changer with Property
Listing #: PH11535
Location: San Joaquin County
Gross Sales \$802,277
Adjusted Earnings: \$119,065
Asking Price: \$250,000



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



Retail Home and Garden Business



Paint & Sip Art Studio

Listing #:SF11499

Location: Northern California Gross Sales: \$608,319 Adjusted Earnings: \$161,170

Asking Price: <u>\$250,000</u>

Listing #:PH11521
Location: Northern California
Gross Sales: \$227,087
Adjusted Earnings: \$52,289

Asking Price: \$225,000



<u>Established Rebar</u> <u>Fabrication Company</u>

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: \$135,693
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 & Commerical 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 Gross Sales: \$381,570

Adjusted Earnings: \$103,471 Asking Price: \$299,000



Acoustic Measurement Mfg & Supply

Listing #:11304

Location: Northern California Gross Sales: \$405,408 Adjusted Earnings: \$189,068 Asking Price: \$600,000



Full Dry Cleaner Plant & Alterations

Listing #SA11285

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



Wholesale Bakery

Listing #SA11313

Location: Northern California Gross Sales: \$2,282,667 Adjusted Earnings: \$396,114 Asking Price: \$1,800,000



Jersey Mike's Established Franchise

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



Growing Data Cable Contractor

Listing #: SF11406 Location: Northern California Gross Sales: \$1,020,046 Adjusted Earnings: \$341,227 Asking Price: \$650,000



Coffee Shop

Listing #: EG11377 Location: Portland, OR Gross Sales: \$352,852 Adjusted Earnings: \$55,573 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



Personal Training Gym
Listing #:11416

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

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: \$541,975 Adjusted Earnings: \$225,886 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: \$1,978,167 Asking Price: \$1,200,000



<u>Profitable General</u> <u>Engineering Company</u>

Listing #: IR11227

Location: Southern California Gross Sales: \$3,107,439 Adjusted Earnings: \$483,120

Asking Price: \$3,600,000



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

SEE ALL LISTINGS

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.

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