



You have actually been searching for different organizations for sale and now you have actually found that ideal company to buy. The business is represented by a reliable broker. You are comfortable with the terms, and now you wish to participate in agreement and continue with the due diligence stage. Everything you have been informed by the seller and broker sounds great and feels right. So what's next? How deep do you require to dig?

Deep my friend. Yes, many brokers are very respectable. But remember they just get paid when the deal closes. And keep in mind also that the broker is representing the seller, not you.

So what should you be digging for? Here is a partial list:

- 1) Unfavorable business trends;
- 2) Unfavorable industry patterns;
- 3) Anticipated however concealed competition;
- 4) Any hint of an individual matter that would limit the seller from selling;
- 5) Any partner, partner, shareholder, or related party that would limit the seller from selling;
- 6) Existing or previous credit issues with banks or suppliers;
- 7) Any pending litigation versus the company;
- 8) Any claims, liens, or encumbrances against the company or business real estate;
- 9) Overdue earnings, sales, FICA, unemployment insurance coverage, or other taxes;
- 10) Prompt filing of all tax returns;
- 11) Expected but concealed loss of several significant accounts;
- 12) A present catastrophe healing strategy;
- 13) A current management succession plan;
- 14) Stagnant or nonexistent policies and manuals (including personnel manual, training manual, safety handbook, and unwanted sexual advances policy).

- 15) Retention of essential workers;
- 16) Retention of essential accounts;
- 17) Recent bad promotion;
- 18) Ending/ renewal of home lease;
- 19) Leases that are not assignable;
- 20) Limitations on service or home expansion;
- 21) Capital possessions <https://www.bs2t.net/> that are at or near their anticipated life;
- 22) A recognized reserve for capital improvements;
- 23) Obsolete devices and machinery;
- 24) Overvalued inventory;
- 25) Product obsolescence;
- 26) Expiring licenses, patents, franchise contracts, etc.
- 27) Problem in getting basic materials, items, or services;
- 28) Expiring vendor or provider contracts;
- 29) Recent boosts in all kinds of insurance coverage rates;
- 30) Staff member awareness relating to the business sale;
- 31) Customer awareness regarding business sale;
- 32) Supplier and supplier awareness regarding the business sale;
- 33) Non compliance with security and ecological requirements;
- 34) Prospective labor union or other staff member related issues;
- 35) Any web site related concerns.

As you can see there are lots of concerns that actually need to be investigated. Many are really technical. You will likely need to employ the aid of other professionals for help. A lawyer and an accountant are a must.

Just keep in mind, when you are searching companies for sale, plan ahead. Do not rely on whatever the broker and seller tell you. You are making a big decision; ensure its an excellent one.