



Mergers & Acquisitions

FREQUENTLY ASKED QUESTIONS

BUYERS

Why use a Business Broker or M&A Intermediary?

Partnering with a Business Broker or M&A Intermediary provides you with a significant advantage that can literally make the difference between a successful outcome and a failed deal. Your Business Broker will work with you through all aspects of a transaction.

Your Coldwell Banker M&A team provides:

- * Experienced analysts and dealmakers to help you refine your search criteria and find a business that fits your requirements
- * A selection of businesses that you would not be able to find on your own
- * Negotiating and problem solving

What is the advantage to buying a business rather than starting one?

The greatest challenges to new businesses often come during the start-up phase: finding customers, proving there is a need for the product/service, and building reputation among others. Existing businesses have a track record. This allows you to review financial records and other important business information. And, sellers will often train the new owner to take over the business help with financing. The training and financial assistance can make a real difference in your success.

What kind of business should I look for?

It is important to find a business that is a good match for your skills and interests – one you could successfully operate and take pride in. The price of the business and the income are two other critical factors. You need to be able to afford it and it must provide for your basic needs. You should also consider how you can improve the business -- you shouldn't buy a business unless you believe you can do better than the present owner.

What happens when I find a business I want to buy?

If you've decided to buy a business, your first step is to find a reputable business broker who can guide you through the process and secure a successful transaction. Once you have found the business and received answers to your questions, your business broker will assist you in preparing an offer based on the price and terms you feel appropriate. Offers are usually subject to your approval of the seller's supporting financial documentation along with a careful examination of other relevant documents.

What are my costs for using a Business Broker?

In most cases, the Business Broker is paid a "success fee" by the seller based on a successful transaction at the close of a sale. If a buyer pursues a company that is not currently listed with Coldwell Banker, that buyer might pay for the Broker's services.

What determines the price of a business?

The seller usually has an idea of what he/she feels the business is worth. The business broker will take this into consideration and make a recommendation to the seller based on the market and the company's financial records. Often they come up with a low and high price depending on how much cash the seller requires: the more cash, the lower the selling price.

Do I need an attorney?

It may be a good idea to have an attorney prepare and/or review the legal documents. However, make sure the attorney is familiar with the business buying process and can handle the paperwork in a timely fashion. Most business brokers can refer you to attorneys who are familiar with the business buying process and can ensure that all of the details are handled properly. Business brokers are not qualified to give legal advice, and they typically represent the sellers' interests. It is strongly recommended that you seek your own legal representation.



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SELLERS

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Your Coldwell Banker M&A team provides:

- * Dozens of pre-qualified acquisition candidates that may meet your criteria
- * Marketing support that exposes your business to a wide range of prospective buyers
- * Market information and industry trends
- * Negotiating and problem solving
- * Confidential handling of sensitive material

What is my business worth?

We have a vast amount of experience on which to draw when we determine the value of your company. All kinds of things come into play – the industry, the company’s financial performance, the overall economic climate, and the seller’s goals and exit plans, to name just a few.

What are my costs for using a Business Broker or M&A Intermediary?

At CBM&A, our fees are “success based” – the seller pays us at the close of a successful transaction. There are no hidden fees or other charges, just the commission agreed upon when the seller signs a listing agreement.

Is there an advantage to using a national firm versus a local broker?

With a national firm, sellers often have access to a large pool of qualified buyers, greater resources for selling, national reach and more experienced team members. Local brokers provide a better understanding of the local market, buyer contacts and local business trends. With Coldwell Banker M&A, sellers get the benefits of both a national firm and local brokers.

Our business brokerage team has expertise in selling smaller companies, including local franchises, family owned businesses and one-location operations. The Coldwell Banker M&A team has expertise in all aspects of transactions involving larger, mid-market companies which require a different set of skills and expertise. They offer services including growth equity capital strategies, industry consolidation plans, recapitalizations and ownership transfers.

How can the sale of a business be kept confidential when using a firm or broker?

It is critical that during the course of selling a business, all aspects are kept confidential. At Coldwell Banker M&A we understand the importance of confidentiality. We protect your sensitive information throughout the course of a transaction and discreetly market to qualified buyers. No buyer sees detailed information about your business until they have signed a confidentiality agreement.

How long will this take?

Many factors influence the length of time it takes for a Business Broker or M&A firm to sell a business. The market, industry, financing, number of buyers interested are just a few of the key influencers. At Coldwell Banker M&A, we prepare our sellers to expect, on average, between five and eight months to sell a business. However, if the process is moving more quickly or taking a bit longer than expected, our team is diligent in keeping our sellers apprised of any changes so everyone can react accordingly.

Can't my accountant sell my business?

Although an accountant can provide information pertaining to the financial aspects of your business, their expertise does not include selling businesses. Accountants do not have access to buyers nor the knowledge specific to selling a business. At Coldwell Banker M&A, our team will work closely with your accountant to determine key factors when valuing your business. Your accountant will be an important contributor throughout the transaction of selling your business.