Welcome to the latest edition of our newsletter!
We offer this newsletter as a trusted resource to keep you updated on important legal topics, news about our firm and upcoming events.

Thinking About Buying a Business? Here's a Friendly Game Plan

Well first off, if you're eyeing a business – whether it's your first or your next purchase – congrats!

Acquisitions can be a powerful way to expand into a new or existing market, or step into ownership with a new or established brand. The key is moving thoughtfully, with the right plan and the right team.

Here's a simple, buyer-friendly roadmap addressing *some* issues to consider when buying a business:

1. Get clear on what you want

Know the industry, size, location, budget and why this business fits your goals – whether that be growth, a new market, your lifestyle, succession, etc.

2. Gather your "go-to" team

Get an attorney for legal terms, contract negotiation and business law advice. Find a CPA for the numbers and, if needed, a lender or broker. Early help prevents last-minute headaches.

3. Keep information confidential

Before sharing financials or customer lists, both sides should consider signing a short confidentiality agreement or an "NDA".

4. Check the price and structure

Is the price supported by profits and cash flow? Decide between an asset purchase (which is the most common) or stock/membership purchase. Also consider seller financing or an earn-out provision where you pay part later if targets are met.

5. Put the main points in a Letter of Intent (LOI)

This is a short non-binding document between you and the seller that discloses the listing price, what’s included and timeline. This also gives you an exclusive period of verification until you reach the general deal terms, and is a reference point when negotiating the actual purchase contract.

6. Do thorough due diligence (“trust, but verify”)

Review tax returns, sales and expenses, POS reports. key contracts, licenses, HR/payroll, lawsuits, debts and liens. A lease review is *critical*: confirm the rent, term, options to renew, escalations, assignment rights/requirements, CAM charges, permitted use, any personal guaranty and for the existence and specifics of an early termination "good guy" clause. Make sure the existing lease (or new one) gives you enough time to earn back your investment and supports your business plan. If needed, negotiate lease terms with the landlord and make the deal contingent on reaching acceptable lease terms.

7. Line up the money

Explore SBA or bank loans, the possibility of seller financing, down payment, collateral and personal guarantees. Match the financing schedule to your deal timeline.

8. Finalize the contracts

Your purchase agreement should clearly state what you’re buying, the seller’s promises (reps and warranties), what happens if something is off (indemnities), any money held back (escrow) and a non-compete so the seller doesn’t open next door.

9. Get approvals and permissions

Receive landlord consent/lease assignment or a new lease, franchise approval (if any), license transfers and industry-specific permits.

10. Close and be ready for day one

Bring closing documents, switch bank accounts and utilities, set up payroll and insurance, and file any UCC paperwork. Make sure you also implement a plan to meet and ensure the smooth transition of customers, staff and general operations.

Exploring an opportunity or just weighing your options? Our attorneys at Asterita & Associates, LLC help buyers negotiate and structure smart deals, avoid surprises and close with confidence. Contact us today to discuss your next business purchase or any other business law needs.

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