

INTRODUCTION TO BUSINESS RESOURCE CENTER SLC

Business Resource Center was founded in 1981 by William J. Tabar as VR Business Brokers franchise. By 1983, the company expanded with 3 offices (downtown Salt Lake City, Murray and Ogden). An additional office was opened in St. George in 1990. In January 1996, over 300 VR offices had dropped the franchise and we elected to discontinue the VR franchise, thus changing the name to Business Resource Center. The company continued to expand upon its position as the dominant business broker in the Intermountain West. In 2005, Bill Tabar has semi retired with the employee buyout of the Ogden & St. George Offices by Russ Starker and the Salt Lake Office by Darlynn Florez. Several hundred new clients are serviced each year in an ever expanding range of business types. Business Resource Center has successfully sold over 2000 businesses with Professionalism and Integrity for prices ranging from \$10,000 to multi-million dollars.

Business Resource Center is staffed by highly trained associates, whose combined business experience covers virtually every type of small and midsize business in our region. Our experience includes dedicated merger and acquisition intermediaries, representing the middle market: multi-million dollar, privately held companies. All of Business Resource Center's associates are held to a high standard of ethics and are licensed under the Division of Real Estate of the State of Utah. The staff of Business Resource Center prides itself in its professionalism, experience and in its accomplishments as a team.

Business Resource Center is a member of the International Business Brokers Association (IBBA), the largest Business Broker association in the world. Business Resource Center is also a member of the American Business Brokers Association (ABBA). The objective of Business Resource Center and its staff is *"to serve its clients and customers in the sale and purchase of businesses with Integrity and Professionalism."*

IBBA INTERNATIONAL
BUSINESS BROKERS
ASSOCIATION, INC. ®

ABBA
AMERICAN BUSINESS
BROKERS ASSOCIATION

1981 - 2006
25
YEARS OF
EXCELLENCE
BUSINESS
Resource Center SLC

BUSINESS RESOURCE CENTER SLC

BUSINESS BUYING PROCESS

1 – BUYER INTERVIEW

- A. Discuss and Sign Confidentiality Agreement.
- B. Discuss what businesses fit you both financially and emotionally.
- C. Set appointment to tour businesses of interest.
- D. Take with you a financial statement to fill out.

2 – BUSINESS TOUR

- A. Financial Statement must be filled out before tour.
- B. Tour businesses that fit financially and emotionally.
- C. Possibly meet with sellers of some businesses.

3 – OFFER TO PURCHASE

- A. Make Offer to Purchase with Earnest Money.
- B. Offer will have contingency for Financial review sometimes called Due Diligence and also may have other contingencies.
- C. When Offer is accepted, Earnest money will be deposited in Business Resource Center Trust Account.
- D. Earnest Money is not at risk until contingencies are removed.

4 – FINANCIAL REVIEW

- A. Financial review of Books and Records of the business.

NOTE: AN OFFER MUST BE MADE AND ACCEPTED BEFORE A FINANCIAL REVIEW, ABSOLUTELY NO EXCEPTIONS

5 – CONTINGENCY REMOVAL

- A. Remove all contingencies.
- B. Sign Authorization to Close.

6 – CLOSE THE SALE ON THE BUSINESS

- A. Sale will be closed through an Escrow Attorney.
- B. Escrow Attorney fee for closing is very nominal.

WHAT BUYERS LOOK FOR IN A BUSINESS

❖ **PROVABLE BOOKS AND RECORDS**

Buyers want proof of sales and profits that the business has made in the past.

❖ **REASONABLE PRICE AND TERMS**

Usually, buyers will look favorable at a business that is competitively priced.

❖ **LEVERAGE**

Bank financing is virtually unavailable for the purchase of a small to medium size business. Over 95% of small businesses sold are with seller financing.

❖ **LIVING WAGE**

Buyers want to know they can make a decent living wage from the business after debt service and get a return on their investment (ROI).

❖ **FURNITURE FIXTURES AND EQUIPMENT**

Buyers will want a complete list of your equipment, and they will inspect it to insure that everything is in good working order.

❖ **LEASE**

Any buyer will want good lease assignment or a new lease with proper terms and explanation of all related costs, e.g., CAM, gross or net, etc.

❖ **TRAINING PERIOD**

All buyers will need training in order to properly assume your operation and acquaint themselves with your clientele and vendors, usually 40 hours minimum.

❖ **APPEARANCE**

A nice looking business sells first! Please keep your business neat, clean and in good repair.

❖ **COVENANT NOT TO COMPETE**

A promise not to compete against the buyer within a reasonable distance for 3 to 5 years is typical.

❖ **REASON FOR SALE OF THE BUSINESS**

Buyers must see a logical reason for sale, without it, they assume the worst!

❖ **TIME IS OF THE ESSENCE**

Buyers are often looking at more than one business when they make an offer. A quick response from you to an offer will reduce the chance of the buyer moving on to another business.

❖ **NO SURPRISES**

Surprises will scare away buyers. If we know all the facts up front, almost any challenges can be solved or overcome in negotiations. We need to know about areas of concern with taxes, the landlord, zoning and other regulations.

The Services We Provide To You

- Maximum Exposure ——— **Business Resource Center** has 2 Affiliated offices with 16 brokers and is an active member of (IBBA) International Business Brokers Association, and (ABBA) American Business Brokers Association
- Time ——— You will be able to conduct your business without interruption. We handle all inquiries and arrange for a convenient showing time.
- Pre-Qualified Buyers ——— **Business Resource Center** eliminates the buyers that do not have the skills, experience or the capital to purchase.
- Results Oriented ——— There are no fees for our services unless your business is sold.
- Escrow ——— **Business Resource Center** utilizes the service of an escrow attorney, experienced in business closings, to prepare the closing documents on the sale of your business, minimizing the closing costs.
- Confidentiality ——— Confidential is the best way to sell. There is no need for employees, customers, clients, or landlord worry about who will be the next owner; nor competition need be aware, until the transaction is complete.
- Professionalism ——— **Business Resource Center** Brokers are licensed professionals trained in courtesy and diplomacy. Long standing agents that have over 100 cumulative years at **Business Resource Center** with an average of 10 years per agent, not including additional years of experience in Real Estate, Commercial RE, Franchise Development and Business Consulting. **This contributes to why Business Resource Center has successfully closed more business in Utah than anyone.**
- Advertising ——— **Business Resource Center** pays the cost of advertising your business. Our marketing professionals write the ads, you get the results.
- Negotiation ——— When **Business Resource Center** handles the negotiations, you are able to obtain the best price and terms possible. We represent the Seller.
- Follow Up ——— We can follow up with any prospect without compromising your sales position.
- Synergistic Effect ——— Your business will receive exposure to Pre-qualified buyers, even in weeks when it is not advertised. Fact: Less than 20% of those buyers, who respond to a particular ad, buy that type of business.

INFORMATION NEEDED TO PROFESSIONALLY REPRESENT YOUR BUSINESS

- Profit & Loss statements and Balance Sheets for the last three years
- Federal Income Tax Returns on the business for the last three years
- Copies of Sales Tax filings with the state of Utah for the last three years
- Gross revenues for each of the twelve most recent months of operation
- Complete list of furniture, fixtures and equipment (FF&E) to be sold with the business
- Copies of all equipment leases and assumable loans on the business
- Itemization of all indebtedness and obligations against the business
- Copy of lease on business property
- If you own the real estate for the business:
 - A copy of the most recent appraisal on the business property
 - A copy of the lease to be used, if you should lease the business property
 - A copy of your most recent property tax statement
- Franchise or dealership agreement, if applicable, including required disclosure forms
- Copy of all special agreements or franchise contracts with vendors or suppliers
- Marketing materials, e.g. pictures, catalog, menu, advertising and price lists
- Payroll records for the last two years
- Employee roster with names, ages and length of service with your business
- Copy of all business licenses

Please complete all relevant information to the best of your knowledge. Highlight or mark questions you are unable to answer.

BRC Business Survey

Date: _____

Legal Business Name _____ Company Name _____

Address _____ City/State/Zip _____

Business Phone _____ Fax _____

Owner Contact _____ Mobile _____

Home Address _____ City/State/Zip _____

Business Hours: Weekdays _____ Saturday _____ Sunday _____

Owner Hours: Weekdays _____ Saturday _____ Sunday _____

What is the exact product or service of your business? _____

Sole proprietor Partnership LLC Corporation Number of years under present ownership? _____

If partnership, names of all partners: _____

If corporation, names of President, Secretary & Treasurer: _____

Exact date you acquired this business? _____ Exact date business was established? _____

Why do you want to sell your business? _____

Who is aware of the sale of the business? Employees? Yes No Suppliers? Yes No Customers? Yes No

MARKETING

Describe your market territory: _____

How do you rate the importance of your business location? Important Somewhat important Not important

How do you advertise? Newspaper Radio Television Yellow Pages Mailers Word of Mouth Other

What type of customers do you have? Consumers Business Professional Other _____

How many regular customers do you have? _____ Is your business seasonal? Yes No

What are the busiest times of the year and why? _____

How many customers would it take to make up 25% of your business? _____ Contracts with customers? Yes No

EMPLOYEES

Number of current full time employees? _____ Part time? _____

What kind of insurance do you carry on your personnel? _____

If you have questions about this information contact your BRC broker at 801-264-8911

GENERAL INFORMATION

Owner duties? _____

How long of a training period would you provide a new owner: _____ Over what period? _____

How long and for what area would you give a covenant not to compete? _____

Suitable for absentee? Yes No

What would an absentee owner have to pay a manager, including benefits, to run this business profitably? _____

Do you have an idea of the total value of your business? _____ If yes, how much? _____

List licenses required for your business? _____

Are the following items current?

Taxes _____ Income _____ Withholding _____ Sales _____ Rent _____ Licenses _____

Have you taken any form of bankruptcy? Yes No If yes, when and what type _____

Litigation? _____ Working capital required? Low _____ High _____

Assets excluded _____

What will you do after the business is sold? _____

BOOKS AND RECORDS

Is your accounting on a cash or an accrual basis? (Accrual shows expenses incurred and income earned for a given period, although such expenses and income may not have been actually paid or received in cash.)

What debts must be paid off when your business is sold? _____

Do you sell to anyone on terms, i.e., do you have accounts receivable? What are the terms? _____

What is the average balance of your A/R? _____ What is the average age of your A/R? _____

Any assumable loans or equipment leases? Yes No If yes, list the total number of payments remaining, total balance due, and monthly payments currently due on each assumption. Do not list real estate property leases.

Total _____ Monthly Payment _____ # Payments _____ Description _____

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What is the current market value of any included vehicles in the sale? _____ How many? _____

Are there any liens or judgments against the assets of the business? Yes No

What percentage of your revenues are Cash? _____ % Checks _____ % Credit cards _____ % A/R _____ %

What do you feel is the current estimated market value of the following assets: Inventory (at cost)? _____

Leaschold improvements? _____ Owned equipment? _____ Leased equipment? _____

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INVENTORY

What is average inventory? _____ What percentage is dead? _____ Percentage of "dated inventory?" _____

Are any items on consignment? Yes No Is inventory seasonal? Yes No

Is any of your inventory financed under a floor plan? If yes, how much? _____ Transferable? Yes No

How does your gross profit margin compare with industry standards? Above average Average Below average

On what terms do you buy your inventory? _____ Do have any vendor agreements or contracts? Yes No

How often during the year is the inventory purchased? _____ How often do you turn your inventory? _____

How do you price your product, i.e., if you purchase an item for \$1.00, what would be the selling price? _____

How does your inventory mix compare with that of your competitors? _____

What are your high profit items? _____ What is the margin? _____

LEASE INFORMATION

Monthly Rent _____ Security deposit _____ Expiration date _____ Taxes _____

Square footage _____ Percentage of sales _____ C.A.M _____ Extras _____

Periodic increases? When do they occur? _____ Maintenance _____

Utilities _____ Security _____ Merchant's Association Fees _____ Other _____

Renewal Options _____

Can the lease be assigned? Yes No Is there a transfer fee? Yes No

Are there any repairs that need to be made? Yes No If yes, describe them. _____

_____ Estimated cost. _____

What kind of insurance do you carry on your facilities _____

Please provide the following additional financial information and marketing materials.

Profit and Loss Statements and Balance Sheets for the last 12 months OR for the last fiscal year.

Marketing material, e.g., pictures, catalog, menu, advertising, product samples and price lists.

Total Gross Sales 3 years ago _____ 2 years ago _____

Last year _____ Jan. thru _____ this year _____

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