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# BUSINESS SELLER SUCCESS GUIDE

SELL YOUR BUSINESS, SHARE YOUR LEGACY



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Business Seller Success Guide by Brian Stephens

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# FORWARD

## *Sell a Business, Share a Legacy*

Welcome to our "Business Seller Success Guide", an eBook designed to help business owners like you successfully sell your business while ensuring that your legacy lives on. Selling a business is not just a financial transaction, but a deeply personal one that involves sharing a part of your legacy with a new owner. At Legacy Venture Group, we understand this and are committed to providing you with the right process, the right Buyer, and the best price for your business.

Even if you're not sure when you intend to sell your business, this eBook will guide you in figuring out a timeline for your exit and help you prepare your business for sale. We will also provide expertise in sale preparation, valuation, confidential marketing, Buyer contact and screening, and negotiation strategies to help you maximize your company's value now and in the long term.

While it may be tempting to simply put up a "For Sale" sign or list your business with a standard real estate agency, we believe that you deserve a better process and a more strategic approach to ensure that you get the best value for your business and leave a lasting legacy.

We value your feedback, and we encourage you to share any thoughts or questions you may have as you read this eBook. If you need further assistance or have any questions, please don't hesitate to reach out to us. Call me at 833-BUY-BIZ1 (or 833-289-2491) for the quickest reply.

Thank you for choosing Legacy as your partner in selling your business and sharing your legacy.

*Brian Stephens*

MBA, CBI, CEPA, CVA, CMAP

# CAN I SELL A BUSINESS?

*Yes, but it's most advantageous to make a plan.*

Even during economic down turns, such as those experienced during the times of covid and the challenges in 2008, business owners continued to sell their businesses. However, it's important to note that according to an Exit Planning Institute Report to Forbes Magazine that 70% to 90% of businesses that go to market, do not sell.

While business owners know everything about their businesses, selling their businesses can be more complicated and challenging than they expect.

You deserve the best price and the right Buyer for your business. Consider getting a business market assessment of price that indicates the most likely selling price for your business. Additionally, learn and understand the factors that drive the value of your business. In order to get the best price, you need to understand how the marketplace will perceive your business.

Remember to maintain confidentiality. Although there is the occasional exception, most owners prefer to not have their employees, customer, and competitors find out the business is for sale. We'll delve more on this later.

Keep in mind that it is not just about getting the best price but getting any offers at all. Sadly the vast majority of businesses for sale never sell. With the tips in this book, we will introduce you to some of the critical factors that lead to successful sale.

When you started or bought your business, you probably thought you would run it, make an excellent living for your family, and then retire comfortably. But did you craft how exactly you were going to retire comfortably?

# What is your exit plan?

If you do not have one, then do not feel alone. Most business owners have no formal plan. From the IBBA industry report from March 2022, “even though retirement leads as the number one reason for sale, most Buyers do not engage in a proactive planning process, particularly in the Main Street market. Generally, the smaller the business, the less likely the owners are to do any planning prior to going to market.”

The Exit Planning Institute’s Annual EPI State of Owner Readiness Survey indicates:

*Two-thirds of owners are not familiar with all exit options*

*78% have no formal transition team;*

*83% have no written transition plan*

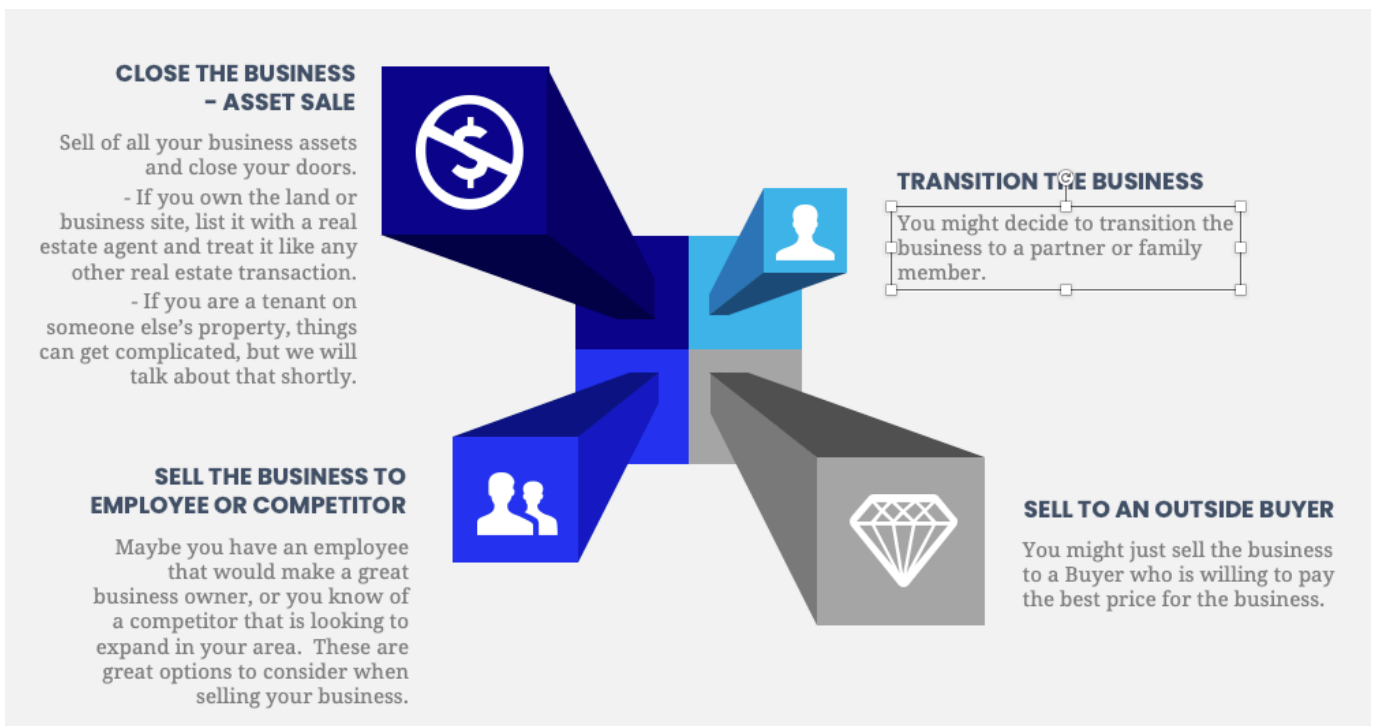
*49% have done no planning at all*

*93% have no formal life-after-business plan*

*40% have no plans in place to cover illness, death, or forced exit*

Snider, C. Walking to Destiny: 11 Actions An Owner MUST Take to Rapidly Grow Value & Unlock Wealth . ThinkTank Publishing.

# What are my options to sell my business?



## So, who's going to sell my business?

Now that you know who you might sell your business to and what options you are willing to entertain, it is time to figure out how you will get it sold. You can sell it yourself, or you can hire a reputable business broker to help you navigate through the complexities of the sale.

*If you are selling it yourself, you will have this and more to do:*

- Gather all your Financial/Legal Records
- Normalize all Financial Statements to reflect real earnings
- Draft Non-Disclosure Agreements
- Create an effective Comprehensive Business Review
- Calculate and defend the price of your business
- Market your business worldwide
- Screen all prospects/potential Buyers
- Determine if a prospect has the finances to buy your business
- Follow up with prospects/potential Buyers
- Negotiate, Accept, or Reject offers
- Prepare documents for the Due Diligence part of the sale
- Discuss finance options and tax issues with potential Buyer
- Close the Sale

Keep in mind that if you try to sell your business yourself, you have to continue to manage all facets of your business while spending time and energy on all the above! Done right, this takes time, tools and skill.

Most business owners are busy enough without having to take on more.

You never get back your time. Use it wisely!

## Who can help?

Seventeen states require anyone helping to sell a business must have a valid real estate license. That said, it's very important to understand that brokering the sale of business is very different than selling homes and/or commercial real estate. Make sure the **person you deal with is qualified from a legal standpoint**. Additionally, the skills, tools, Buyer databases, and media touch points are markedly different for a professional selling a business, than for those selling homes or commercial property.

Carefully interview the agent you plan to select. Residential real estate agents may offer a lower price, but they do not have the contacts, expertise, or a suitably full array of business selling tools. **Selling a business is nothing like selling a house**. The training, support, expertise, and certification in business brokering differs significantly from commercial real estate.

Selling your business on your own is absolutely possible but it's better to **bring professionals in to help**. You have a business to run, consider contacting a business broker to take the added pressure off.

So just how can a business broker help?

Keep reading!

### States Requiring Real Estate Licensing

Alaska  
Arizona  
California  
Colorado  
Florida  
Georgia  
Idaho

Illinois \*  
Minnesota  
Nebraska  
Nevada  
Oregon  
South  
Dakota

Utah  
Washington  
Wisconsin  
Wyoming

\* Illinois does not require a license, but does require registration with the state securities commission.

# Business Brokers

## *How can a business broker help you?*

At Legacy Venture Group, we know our stuff! But more importantly we care deeply about our family of customers and clients. We handle the all details so you can focus on your business and your other priorities.

A professional business broker will do the following and more:

- Help you determine the best price for your business
- Develop a detailed report to defend your price to Buyers and Banks
- Create a booklet to help Buyers understand your business value
- Market your business using a wide range of sources
- Help maintain confidentiality
- Screen Prospective Buyers
- Obtain Non-Disclosure Agreements from Prospective Buyers
- Determine if a prospect has the finances to buy your business
- Follow up with Prospective Buyers and get feedback
- Negotiate, Accept, or Reject offers
- Guide you as you prepare documents for the Due Diligence
- Discuss finance options and tax issues with potential Buyer
- Close the Sale

You will still need to help prepare the business for sale, gather financial/legal records, meet with potential Buyers and prepare documents for due diligence, as well as decide if you are going to accept or reject offers, but with the broker doing the bulk of the legwork, you are free to...yep... you guessed it...**Operate your business as usual!**

## What qualifications should my broker have?

- \_\_ Look for a firm that treats you professionally and respectfully.
- \_\_ Accept a team that intelligently approaches valuation, marketing plan development and that will establish and maintain a professional, committed relationship with you.
- \_\_ Look for a relationship as well as expertise and ability. There are plenty of great folks out there trying to sell businesses, but you should consider experience, training, certification, existing listings, and references.
- \_\_ Consider how long a company has been in the industry (they may not be the originators or might lack the drive of a fresher broker).
- \_\_ Great brokers have strong backgrounds, and exceed the minimum requirements from the state.
- \_\_ In addition to state licensing requirements, the International Business Brokers Association (IBBA) has a nationally recognized certifications known as **Certified Mergers and Acquisition Professional (CMAP)** and **Certified Business Intermediary (CBI)**. Also, check [www.MASource.org](http://www.MASource.org) and [www.IBBA.org](http://www.IBBA.org) for details. Some states, such as in Florida, have their own internal business brokerage networks. Agents from our Florida offices are all members of the **Business Brokers of Florida (BBF)**. BBF is a statewide network of over 1,000 confidential professional business brokers who collaborate to sell businesses throughout the state of Florida. Check out [BuyBizFL.com](http://BuyBizFL.com) for a list of businesses for sale from this group.

Additionally, my company, Legacy Business Brokers, provides training to prepare our agents to be Legacy Business Intermediaries. This covers both knowledge based training as well as effective field training to achieve this status. To best serve our clients, Legacy Venture Group is managed by ***an active Certified Business Intermediary (CBI) who has certifications in Exit Planning (CEPA), Business Valuation (CVA), and Mergers and Acquisitions (CMAP).***

## How long does it take to sell a business?

There is no firm answer on exactly how long it takes to sell a business. The timing depends on a wide range of factors related to your business, price, and the economy. For the last several years, the ***average length of time to sell a business was 6-10 months.***

While some sell within that 6-10 month timeframe, some don't sell for years. Once in a while, a business might sell within weeks, but the stars have to align just right for that to happen. Even if you already have a Buyer ready, willing, and able to purchase your business - with cash in hand - be prepared to set aside time to arrange things with the landlord and the attorneys prepare the closing documents.

Selling a business is not like selling a house or a car. It takes time. Being realistic about the time it takes to prepare, market, and sell your business is key to avoiding frustration and unneeded anxiety.

Being prepared and realistic makes a difference. Businesses priced according to the market, sell well.

Businesses with easy-to-understand financial records command the best prices. There are plenty of people looking for ***reasonable terms, clean records, and systems*** that a new owner can follow.

But even when you prepare properly, it can take anywhere from 6-12 months or more to find the right Buyer and up to another 2 or 3 months to close.

Offering Seller financing or getting SBA lender pre-qualification will significantly attract more potential qualified Buyers. A business that has financing has a humongous advantage over other businesses for sale.

***The message here is to be realistic.*** Be encouraged but realize that selling a business can take time! We both want it to sell quickly.

So, here's a general breakdown of the average sales timeline and what you should be doing during that time:

# DEVELOP YOUR EXIT STRATEGY

## SELL YOUR BUSINESS

### STAGE 1

#### PREPARING TO EXIT YOUR BUSINESS BEFORE LISTING

- Draft/refine your business standard operating procedures
- Gather pertinent documents
- Build your team
- Conduct equipment/facility maintenance or repairs
- Start transferring daily operations to your management team
- Consider seller financing and determine what terms are acceptable to you

### STAGE 2

#### LISTING YOUR BUSINESS FOR SALE 0-12 MONTHS

- Provide requested business info to your broker in a timely manner for development of marketing materials
- Stay involved in the operations of your business
- Keep the business profitable and continue to keep sales up
- Keep customers, employees and vendors happy
- Be patient, it takes time to attract and vet qualified buyers
- Be prepared to show your business and talk through issues (good and bad) with prospective buyers

### STAGE 3

#### PREPARING TO CLOSE THROUGH POST CLOSING 3-12 MONTHS AFTER OFFER

- Be transparent and responsive during due diligence
- Be prepared to answer buyer questions
- Negotiations will happen, don't get emotional about an offer
- Be rational about the sale of your business
- Be reasonable, put yourself in your buyer's shoes
- Enjoy your move to the next phase of your life!

# CONFIDENTIALITY

Most business owners prefer to keep the news of their business being for sale quiet. We make sure all ads keep your business identity hidden and that all Buyers sign a proper Non-Disclosure Agreement (NDA) or Confidentiality Agreement (CA) before learning about the details and identity of your business. This helps to ensure that your Crew, Competitors, Creditors, Customers, and Chain of Suppliers don't know about your business's sale until **YOU** want them to know.

Here's how a lack of confidentiality can impact various parts of your business:

<b>Crew</b>	<ul style="list-style-type: none"><li>• <b>They may worry about job security and look for work elsewhere, leaving you high and dry.</b></li><li>• <b>They might have a different commitment to you and your business.</b></li></ul>
<b>Customers</b>	<ul style="list-style-type: none"><li>• <b>They may immediately start taking their business somewhere else.</b></li><li>• <b>They may feel they are being abandoned or that your business is not doing well since you are leaving.</b></li></ul>
<b>Creditors</b>	<ul style="list-style-type: none"><li>• <b>They may start calling in debts early or stop extending credit.</b></li></ul>
<b>Chain of Suppliers</b>	<ul style="list-style-type: none"><li>• <b>They may be reluctant to offer you breaks or special offers, saving up for the new owner to curry favor or get orders.</b></li><li>• <b>They are in a unique relationship with your competitors and may not be committed to confidentiality.</b></li></ul>
<b>Competitors</b>	<ul style="list-style-type: none"><li>• <b>They may use the rumor of your sale to woo over your customers.</b></li><li>• <b>They may try to hire your employees.</b></li></ul>

*When we make a commitment to market your listing, we will do our best to protect the confidentiality of your business throughout the sale process.*

# STAND OUT FROM THE CROWD



*A well-written Comprehensive Business Review (CBR) gives prospective Buyers a better understanding of your business value.* Preparing a CBR can take a great deal of time, research, preparation, and organization. However, it is worth the effort and can go a long way to helping you sell a business. Most Buyers don't understand why one business is more valuable than another

and why similar businesses with similar sales and profits have very different values. Well prepared CBRs communicate value.

That said, a good portion of this information comes from you, the Seller. When you sign the listing agreement, the Broker will collect data and ask for detailed information about your business. ***The more complete your answers are, the better your Comprehensive Business Review will be.*** Your CBR may be updated from time to time as well.

Your business-specific information paired with industry-specific information will help prospective Buyers make informed decisions. Some Buyers have already worked in your industry. Still, other Buyers are new to the industry, so both types of business information are essential to help potential Buyers see your company's value.

*Want to see a sample CBR?*

*Use the following link:*

<https://BuyBizUSA.aflip.in/SampleCBR-Accounting.html>

# BRINGING IT ALL TOGETHER

## *Documents, data and your sales team*

### Documents

So let's talk about that first very important piece of the puzzle. This is something that has to be done no matter who sells your business or who buys your business. The first piece is gathering and organizing all your important documents, both financial and legal, and putting them together in one place.

Each business will have some unique documents but below is a list of some of the more common documents to put in a convenient place. Many people find it easier to have everything in digital format in addition to hard copies of these documents.

#### *Get These Documents Ready*

- o Lease
- o Land documents (if you own)
- o Corporate Document
- o Last 5 years of Tax Returns
- o Last 5 years P & L Statements.
- o Current P & L Statement
- o Last 5 Years Balance Sheets
- o Employee Contracts
- o Business Contracts
- o Franchise Disclosure Docs
- o Bank Notes & Terms
- o Legal Documents
- o Seller's Disclosure Doc
- o Other Pertinent Docs

Having all your information ready in one central place builds confidence in prospective Buyers. **Time kills deals** and when Sellers have to go searching for documents, the delay erodes confidence. Buyers expect owners Selling their businesses to be prepared. If you are organized, you are less likely to share the wrong information. Buyers seek consistency. Errors create suspicion.

If including electronic copies, invest in a secure data storage system online. We use a data room that allows us to turn access on or off and tracks when a prospect has accessed files. It also alerts parties when files are updated.

## Assemble your team

The right trusted advisors will help you along the way as you get ready to sell your business. Assembling a team of trusted individuals to get the best price possible for your business is essential.

### *Get The Right Help*

Key Players you might need to help you sell your business.

- |                                |                              |
|--------------------------------|------------------------------|
| ✓ <b>1031 Specialist</b>       | ✓ <b>Consultant</b>          |
| ✓ <b>Accountant</b>            | ✓ <b>Equipment Appraiser</b> |
| ✓ <b>Attorney</b>              | ✓ <b>Insurance Company</b>   |
| ✓ <b>Business Appraiser</b>    | ✓ <b>Investment Banker</b>   |
| ✓ <b>Business Intermediary</b> | ✓ <b>Lender</b>              |
| ✓ <b>CBR Writer</b>            | ✓ <b>Landlord</b>            |

Don't rely on a professional just because you like them. Make sure they are experienced in business selling. Although you might have a professional that you like and used for other purposes, the process of selling a business is complicated. Find trusted experienced advisors to help you with the process.

If you would like a list of experienced accountants, attorneys, lenders and other advisors in Florida, please visit [www.BuyBizUSA.com/Advisors](http://www.BuyBizUSA.com/Advisors).

Most Sellers and Buyers have not been through the process of buying or selling a business before. Getting the right expert advice will help assure the best deal possible.

# FINANCING OPTIONS

## *Can the SBA or a bank finance my business?*

On a recent survey of over 2,600 businesses for sale, only 208 had the following criteria:

- 1) net over \$100K,
- 2) records supported by tax returns
- 3) SBA lender prequalified



SBA (Small Business Administration) prequalified is the fastest category of hot selling businesses. Regardless of the industry, businesses good enough to get SBA financing typically sell well.

Buyers generally prefer, and some require, businesses with financing. Imagine a world where all homes and cars were cash only, with NO financing available. Financing helps Buyers leverage their investment, and some consider a bank's approval of a loan as a strong indicator of the business's worth. If a business were to sell for \$500K, someone with \$100K might be able to purchase it with an SBA loan. Someone with \$500K would most likely buy a larger business.

The SBA does not make the loan but rather guarantees loans with some banks for some businesses. The standards are fair but require reliable documentation and a healthy business cash flow (check [www.SBA.gov](http://www.SBA.gov) for more details). Some banks have Preferred Lender status with the SBA and can efficiently process and approve such a loan. SBA Loans are usually for ten years at the Prime Rate plus approximately two percent. The Wall Street Journal and <http://www.bankrate.com> are two great resources for determining the Prime Rate.

Legacy Business Brokers takes its listings to a large group of lenders to seek pre-qualification. Since the economic downturn, banks have had difficulty approving all but the most pristine, heavily secured deals. Getting the best price always involves

financing, and we expect that the next few years, banks may be more risk-averse. Carefully positioning your business and showing its value will be essential to not only Buyers but banks, cautious of the economy.

## Do I have to finance the sale myself?

You will **generally get more money for your business if you offer Seller financing**. You will also avoid the lengthy and intense scrutiny of a bank's rigorous approval. If a Buyer has to obtain outside funding, it may add months to the process while not guaranteeing success.

**Businesses that  
had financing  
generated an  
additional**

**13%**

**Buyers like businesses with financing**. When a Seller provides funding, it emphasizes the Seller's confidence in the business's future. Financing significantly increases the number of potential Buyers. Finally, even with good cash flow, some businesses do not pass the scrutiny of a bank's rigorous loan approval process.

Almost every Seller initially prefers to not finance a business but many Sellers discover that **there are advantages to Seller financing**. The advantages include deferred or reduced taxes, better Buyer pool, receiving more money, and being about to sell versus being part to the 80% of businesses that don't.

Most Buyers care a great deal about doing well and work hard not to lose their investment and newly acquired business. **If you choose to finance a Buyer, qualify the Buyer**. Conduct a credit check, run a background check, verify their resume, and insist that they submit a short business plan. While nearly all Sellers prefer all cash, most discover the financial rewards and comfort of a quicker sale to be an attractive choice.

# TAXES DON'T TELL THE WHOLE STORY

Business Buyers want to know how much you are really earning. Help them understand that the ordinary business income on the bottom of your taxes, or even the net profit on your profit and loss statement, does not tell the whole story. DE (Discretionary Earnings) reflect all the financial benefits of the business including those that have been written off to reduce taxes. See the calculation below:

It is assumed with DE that there is one (1) and ONLY one (1) full time, working manager in the business.

$$\begin{aligned} & \textbf{DE FORMULA} \\ & \textit{Profit on Income Taxes} \\ & + \textit{Nonrecurring Expenses} \\ & - \textit{Nonrecurring Income} \\ & + \textit{Non-operating Expenses} \\ & - \textit{Non-operating Income} \\ & \quad + \textit{Depreciation} \\ & \quad + \textit{Amortization} \\ & \quad + \textit{Interest Expense} \\ & + \underline{\textit{One Owner's Total Compensation}} \\ & = \textbf{Discretionary Earnings} \end{aligned}$$

**EBITDA\*** is the figure a business makes if the expenses included a full-time manager. EBITDA is the amount one would consider if they were buying multiple businesses and could not work in each one full-time but instead need a manager to run each one.

## FOR EXAMPLE:

*A Seller planning to sell via an SBA loan in 2023 will need 2022 taxes.*

\* **EBITDA:** *Earnings Before Interest, Taxes, Depreciation & Amortization*

## Chapter 8

# BUYERS

### *Not all Buyers are created equal*

However, they are interested in your business, and you have to be prepared to answer a lot of questions. Sometimes, the questions might seem silly, but Buyers are often new to your industry, so they aren't familiar with your industry's terminology.

Additionally, different Buyers have different needs and various resources. **Expect more of the following types of Buyers in the coming year:**

- Corporate refugees\*\*
- Enterprising Veterans\*\*
- International Buyers seeking visas\*\*
- Expanders - people seeking to grow the brand
- Synergizers - have a business that shares similar customers

Each type of Buyer will come with unique sets of questions, views, expectations, and resources. If you are prepared to answer your business questions, talking with any of these folks won't be hard.

### *Here are some of the questions you need to be prepared to answer:*

- Why is your business for sale? Are you just ready to retire, or are you bailing out because you can't make a go of the business any longer?
- What are the business's primary assets (or appeal)? What are its liabilities?
- How much is the business worth? Is the profit overstated or understated? Have you deferred expenditures that should have been made? Or is the business incurring expenses that should be trimmed?
- What is the reputation of the business in the marketplace? In the case of a merger in which both companies will retain some identity, will the association portray an upbeat message?

## Chapter 9

# FINAL THOUGHTS FOR SELLING

There are a lot more details about the business sales process. It's never too early to plan. Get the facts. Know what you need to do to get the best price and the best Buyer for your business.

*Keep these things in mind as you determine your exit plan.*

- Have all your documents located in one, easy to get to place - both digitally and in hard copy.
- Get your team in place. Your accountant, attorney, business broker, lenders, appraisers, and all the other team members are an integral part of your business's sale.
- The better your financial documentation, the better justification for your business valuation.
- If SBA lender pre-qualification is not an option, consider Seller financing.
- Be prepared to answer questions and help Buyers see value.
- Be realistic about the value of your business. Try to take your emotions out of it and look at it from the eyes of the Buyer.
- Understand that business sales do not usually happen overnight. Be patient. Your early preparation and substantial documentation makes the process easier and faster in many cases.

Finally, it's really up to you whether or not you think you can sell your business on your own. The brokers at Legacy Venture Group would love to help you sell your business. We want to see you get the most you can from the hard work and dedication to your business.

***Give us a call today to get started developing your exit plan!***

***Note - Request a full report on what other businesses like yours have sold for. Email [Biz@BuyBizUSA.com](mailto:Biz@BuyBizUSA.com)***

## APPENDIX

# RESOURCES

The following sections relating to the US economic outlook for 2021 to 2031 are excerpts from recent directly from Congressional Budget Office reports written originally in early 2021 with additional updates provided in mid 2021. To read more, please feel free to visit the links shared below.

## US Economic Outlook: 2021 to 2031

**February 1, 2021**

CONGRESSIONAL BUDGET OFFICE (CBO) REPORT

SOURCES: <https://www.cbo.gov/publication/56965>

<https://www.cbo.gov/system/files/2021-07/57263-outlook.pdf>

## Overview

*CBO projects that the economic expansion that began in mid-2020 will continue. Real GDP is projected to return to its prepandemic level in mid-2021. The number of people employed is projected to return to its prepandemic level in 2024.*

## Summary

*The 2020–2021 coronavirus pandemic caused severe economic disruptions last year as households, governments, and businesses adopted a variety of mandatory and voluntary measures—collectively referred to here as social distancing—to limit in-person interactions that could spread the virus. The impact was focused on particular sectors of the economy, such as travel and hospitality, and job losses were concentrated among lower-wage workers.*

*Over the course of the coming year, vaccination is expected to greatly reduce the number of new cases of COVID-19, the disease caused by the*

*coronavirus. As a result, the extent of social distancing is expected to decline. In its new economic forecast, which covers the period from 2021 to 2031, the Congressional Budget Office therefore projects that the economic expansion that began in mid-2020 will continue. Specifically, real (inflation-adjusted) gross domestic product (GDP) is projected to return to its prepandemic level in mid-2021 and to surpass its potential (that is, its maximum sustainable) level in early 2025. In CBO's projections, the unemployment rate gradually declines through 2026, and the number of people employed returns to its prepandemic level in 2024.*

*CBO is using this economic forecast as the basis for updating its budget projections for 2021 to 2031. The agency plans to release those budget projections later in February and a more detailed report about this forecast later this winter. The forecast incorporates economic and other information available as of January 12, 2021, as well as estimates of the economic effects of all legislation (including pandemic-related legislation) enacted up to that date.*

## Uncertainties in the Economic Outlook

*CBO's projections reflect an average of possible outcomes under current law. But these projections are subject to an unusually high degree of uncertainty, and that uncertainty stems from many sources, including the course of the pandemic, the effectiveness of monetary and fiscal policies, and the response of global financial markets to substantial increases in public deficits and debt. As a result, the economy could expand substantially more quickly or more slowly than CBO projects. Labor market conditions could likewise improve more quickly or slowly than projected, and inflation and interest rates could rise more rapidly or slowly as well. Also uncertain is the impact of the pandemic on the economy over the longer term, including its effects on productivity, the labor force, and technological innovation.*

## Inflation and Interest Rates

*Inflation was low at the beginning of 2021, but consumer price indexes increased sharply in recent months, reflecting strong demand and supply constraints in some product and labor markets. Over the 12-month period ending in January 2021, the overall PCE price index increased by 1.4 percent, far below the Federal Reserve's 2 percent long-run goal for inflation. By May, that 12-month rate was 5.0 percent. The high 12-month growth rate results partly from sharp increases in prices over the past few months and partly from price declines experienced in the spring of 2020, when social distancing peaked and disrupted economic activity nationwide.*

*The consumer price index for used cars and trucks increased by 10.0 percent in April 2021, its largest one-month increase ever, and by 7.3 percent in May as a shortage of semiconductors used in manufacturing new vehicles pushed more consumers to purchase used ones. The consumer price index for household furniture and bedding increased by 2.1 percent in April, its largest one-month increase in more than three decades, and by 1.9 percent in May as the demand for lumber combined with supply constraints and trade restrictions sent the price of building materials soaring. Although prices have risen rapidly over the past 12 months, CBO estimates that the overall consumer price level in the second quarter of 2021 remains near the level that the agency projected for that period before the pandemic. Nevertheless, the growth of prices in May—when measured relative to prices two years earlier, before the pandemic—was the largest of any month since the pandemic began.*

*Long-term interest rates have increased during the first half of 2021, probably boosted by an improved economic outlook. The 10-year Treasury note rate increased from 0.9 percent at the end of 2020 to 1.5 percent in June 2021. Additionally, some of the increase in long-term interest rates in early 2021 was probably due to investors' expectation of additional federal legislation beyond what the Congress had passed when CBO completed its forecast on May 18. |*

## Current Conditions: Recovery From the Pandemic-Induced Recession

*Economic activity has expanded rapidly since April 2020, but the expansions of supply and demand have been unbalanced at times. Consumer demand for many products, particularly services, has increased in part because of more widespread immunity to the virus, income support from fiscal policies in 2020 and 2021, and the greater household wealth resulting from increased prices in the stock market, increased home prices, and accumulated savings during the pandemic. Supply has not risen as quickly in some instances, causing tightness in some labor and product markets. That tightness has put upward pressure on consumer prices, producer prices, and wages over the past few months.*

## The Labor Market (Excerpt from 2021-2025 Analysis)

*The labor market is expected to continue its recovery through the end of 2021 and into 2022. That pattern reflects the ongoing expansion of the economy as well as the easing of constraints associated with the pandemic and social distancing. Notably, the percentage of the population with immunity to the virus (whether through infection or vaccination) is expected to gradually increase.*

*In CBO's current projections, through the middle of 2022, the number of people employed returns to its prepandemic level, the unemployment rate continues to decline, the civilian labor force returns to its prepandemic size, and wage and salary growth rises (see Figure 2-3). Thereafter, through 2026, the projections reflect the labor market's gradual return to its long-run average relationship to potential performance, with employment growth slowing, the unemployment rate rising gradually, and wage growth moderating.*

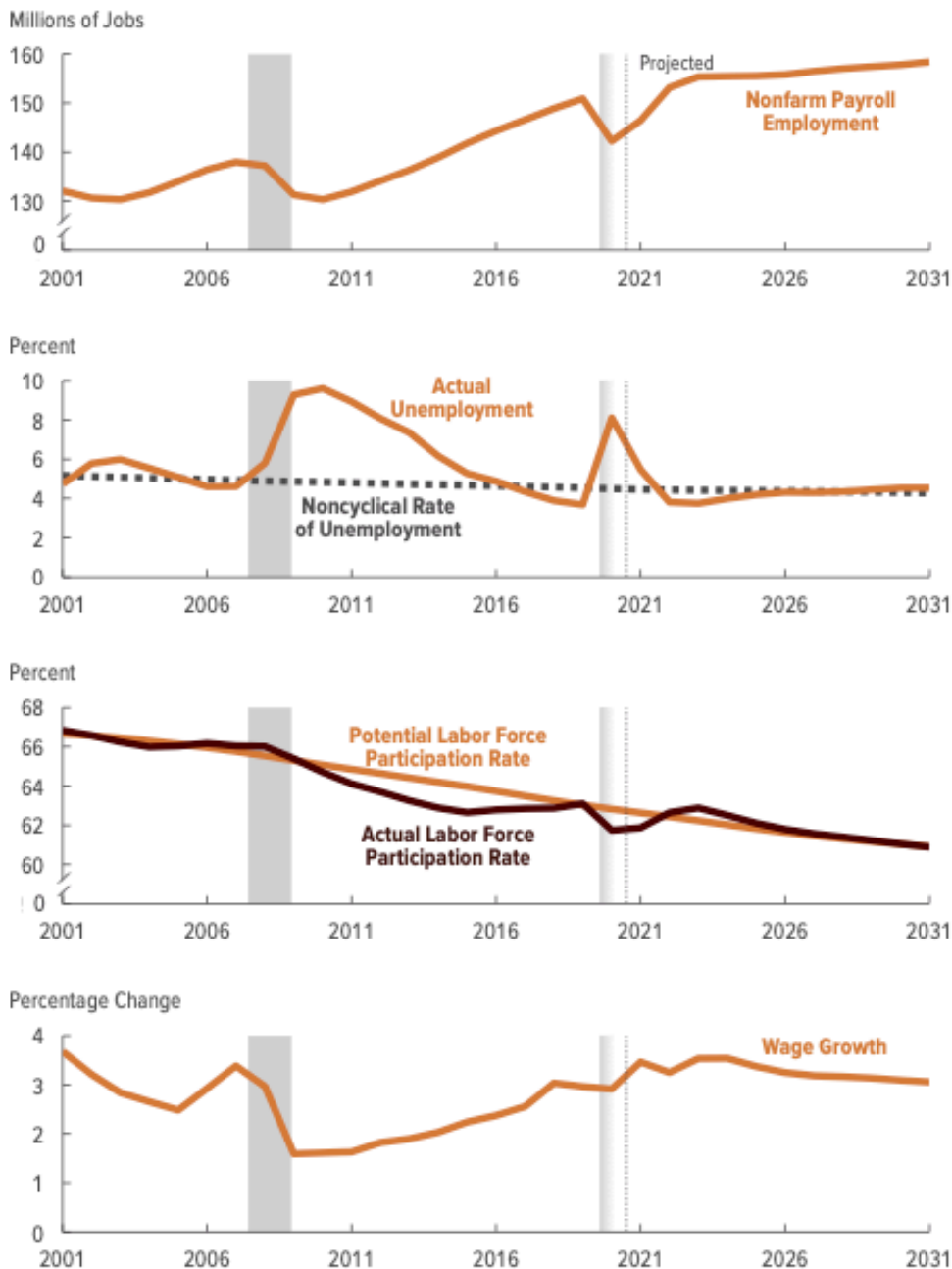
**Employment.** Growth of payroll employment is projected to continue at a relatively rapid pace through the end of 2021 and into the first half of 2022. In CBO's current projections, nonfarm payroll employment rises by an average of 587,000 jobs per month in 2021 and by an average of 417,000 jobs per month in 2022. At those rates, nonfarm payroll employment is projected to reach its prepandemic level by the middle of 2022 and its estimated potential at about the same time. After 2022, payroll jobs gains are projected to slow to less than 30,000 per month, on average, as the economy and labor markets grow at lower trend rates. Reflecting the increases in employment and a rise in the labor force participation rate, the employment-to-population ratio largely recovers to a level near its prepandemic peak by the end of 2022. Subsequently, the employment-to-population ratio initially flattens out before gradually declining through the remainder of the projection period.

**Labor Force Participation.** The labor force participation rate is expected to rise gradually from its current level through the end of 2022. In CBO's current projections, the labor force participation rate rises from 61.8 percent in the second quarter of 2021 to 62.2 percent by the end of the year and then continues to rise, reaching 63.0 percent in early 2023, near its prepandemic peak of 63.4 percent. Thereafter, it gradually declines as the effects of the aging of the population (which dampens the overall labor force participation rate) become more prominent relative to the short-term effects of the expanding economy.

**Hourly Wages and Salaries.** The ongoing gains in the labor market and the stronger performance of the economy are expected to put upward pressure on wage growth. In CBO's projections, the employment cost index for wages and salaries of workers in private industry—a measure of the hourly price of labor—is 3.7 percent higher in the fourth quarter of 2021 than it was in the fourth quarter of 2020; its annual growth rate in recent years (and before the pandemic began) was about 3 percent. Stronger wage growth is projected to continue, averaging 3.5 percent per year for the 2021–2025 period.

Figure 2-3.

## Employment, Unemployment, Labor Force Participation, and Wage Growth



In CBO's projections, payroll employment reaches its prepandemic level in early 2022.

The unemployment rate is projected to decline through the remainder of 2021 and the first half of 2022 before returning to its long-term relationship with the noncyclical rate of unemployment.

The labor force participation rate is expected to rise from its current level through the end of 2022. The participation rate then remains close to that level for about two years as the effects of the continued economic recovery and the aging of the population offset each other.

In CBO's projections, wage growth is projected to average 3.4 percent per year for the 2021–2025 period.

Data sources: Congressional Budget Office; Bureau of Labor Statistics. See [www.cbo.gov/publication/57263#data](http://www.cbo.gov/publication/57263#data).

Nonfarm payroll workers, who are employed in the private and public sectors, can include employees of nonprofit organizations and proprietors but by definition exclude farm workers.

The unemployment rate is the number of people not working who are available for work and are either seeking work or expecting to be recalled from a temporary layoff, expressed as a percentage of the labor force. The noncyclical rate of unemployment is the rate that results from all sources except fluctuations in aggregate demand, including normal turnover of jobs and mismatches between the skills of available workers and the skills necessary to fill vacant positions.

The labor force participation rate is the share of the civilian noninstitutionalized population age 16 or older that has jobs or that is available for and actively seeking work. The potential labor force participation rate is CBO's estimate of the rate that would occur if economic output and other key variables were at their maximum sustainable amounts.

Wages are measured using the employment cost index for wages and salaries of workers in private industry. Growth in wages is measured as average annual growth. For the unemployment rate and labor force participation rate, data are annual averages.

# Documents

## Business Records Checklist

Listing ID: \_\_\_\_\_

### BUSINESS RECORDS CHECK LIST

This is a guide that should be used as a starting point to develop the right list for your needs. You may need more than what is requested on here and you may not need some items that are listing on here. **Always consult legal and accounting advice when needed.**

**Business Name:** \_\_\_\_\_

1.  Tax Returns:  2022  2021  2020  2019  2018
2.  Financial Statements:  2022  2021  2020  2019  2018  
 2023 through Year-To-Date (YTD)
3.  Copy of monthly business bank statements for 2023 through month \_\_\_\_\_ (YTD)
4.  Copy of sales use tax statements for 2023 through month \_\_\_\_\_ (YTD)
5.  Copy of merchant account statements for 2023 through month \_\_\_\_\_ (YTD)
6.  Copy of all W-2's and 1099's for:  2018  2021  2022  2023 through month \_\_\_\_\_ (YTD)
7.  List of assets - inventory, receivables, machinery and equipment, real estate, leasehold improvements
8.  Company ownership structure. Listing of shareholders and key managers showing name and shares owned.
9.  Are there any liens, mortgages, or code violations on the property?  
If yes, please give name of creditor and amount owed. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
10.  Has there been past litigation relating to this property? YES  or NO
11.  Is there any ongoing litigation relating to this property? YES  or NO
12.  Is the business current on all taxes? YES  or NO
13.  Most recent year W-2 statements for owners and key employees



# Lease Summary

## ***LEASE SUMMARY***

Business Name: \_\_\_\_\_

Address of Business: \_\_\_\_\_

Street, City, Zip: \_\_\_\_\_

Lease Expiration Date: \_\_\_\_\_

Options: Number \_\_\_\_\_ Length (Yrs.) \_\_\_\_\_

Square Feet Building: \_\_\_\_\_ Lot: \_\_\_\_\_

Base Rent: \$ \_\_\_\_\_ per \_\_\_\_\_, and/or \_\_\_\_\_% of \_\_\_\_\_

Security Deposit: \$ \_\_\_\_\_

Escalator: \_\_\_\_\_% per year, based on \_\_\_\_\_ CPI or Other \_\_\_\_\_

Other: \_\_\_\_\_

Triple Net: Yes  No

If yes - Taxes: \_\_\_\_\_

CAM: \_\_\_\_\_

Insurance: \_\_\_\_\_

Total Rent per P&L: \$ \_\_\_\_\_/Month from \_\_\_\_\_ through \_\_\_\_\_

Condemnation Clause: Yes  No  Can Lease Be Assigned? Yes  No

Can Lease Be Assigned? Yes  No  Demolition Clause? Yes  No

Exclusive Covenants: \_\_\_\_\_

Restrictive Covenants: \_\_\_\_\_

Landlord/Property Management Name: \_\_\_\_\_

Contact Name: \_\_\_\_\_ Title: \_\_\_\_\_ Telephone: (\_\_\_\_) \_\_\_\_\_

Address: \_\_\_\_\_

Date Contacted: \_\_\_\_\_ Response: \_\_\_\_\_

Follow Up Needed: \_\_\_\_\_





# Important Business Contacts

	Name	Phone	Email
1031 Specialist			
Accountant			
Attorney			
Business Appraiser			
Business Broker			
Business Review Writer			
Consultant			
Equipment Appraiser			
Franchisor (if applicable)			
Insurance Company			
Investment Banker			
Lender			
Landlord			

Notes:

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	Account Number	Phone	Other Info
Electric Company			
Water Company			
Gas Company			
Equipment Maintenance Co			
Vehicle Lease Co			
Cell Phone Contracting Co			
Landscape Company			

Notes:

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# FOR SELLERS

## SELLER INFORMATION RELEASE PROCESS

YOU MAY CHOOSE TO SHARE MORE OR LESS INFORMATION AT DIFFERENT STAGES OF THIS PROCESS. PLEASE INFORM YOUR BROKER IF YOU WANT TO CHANGE WHAT IS SHARED IN EACH PHASE.



### PHASE 1 – GENERAL MARKETING – PRE NDA

- PROVIDES MOST OBSCURED LEVEL
- DESIGNED TO HIDE BUSINESS'S IDENTITY
- INCLUDE A TEASER OR OBSCURED BUSINESS REVIEW
- HIGHLIGHTS OF SALES INCOME/CASH FLOW
- USE OF STOCK PHOTOGRAPHY (PREVENTS POTENTIAL BUYERS FROM FINDING YOUR COMPANY BASED ON IMAGES FROM YOUR COMPANY WEBSITE)

\* NEVER USE ACTUAL BUSINESS PHOTOS

\* ONLY USE PHOTOS WITH COMMERCIAL USE COPYRIGHT PERMISSIONS



### PHASE 2 – POST NDA

- SHARE COMPREHENSIVE BUSINESS REVIEW (CBR)
- SHARE IDENTITY OF BUSINESS AND ADDRESS
- SHARE OUR NEXT STEPS DOCUMENT WITH PROSPECT
- PROVIDE A SUMMARY OF P&L, FINANCIALS W/ADJUSTMENTS, SELLER DISCLOSURE DOCUMENT, CUSTOMER CONCENTRATION REPORT, ORG CHART (NO NAMES), LEASE HIGHLIGHTS, OTHER GENERAL BUSINESS INFORMATION

ONLY SHARED AFTER RECEIVING SIGNED NDA, VERIFICATION OF PROSPECT'S IDENTITY, & REVIEW OF PROSPECT'S PERSONAL FINANCIAL STATEMENT



### PHASE 3 – POST ASSET PURCHASE AGREEMENT

- TAX RETURNS AFTER REMOVING FEIN & OTHER DETAILS
- REASONABLE DOCUMENTATION, TYPICALLY EXPECTED AS PART OF DUE DILIGENCE
- COPY OF LEASE
- COPY OF FCC (IF FRANCHISE)
- MORE DETAILED CUSTOMER AND/OR SUPPLIER INFORMATION IS SHARED BUT SHOULD NOT GIVE AWAY PROPRIETARY OR CRITICAL BUSINESS INFORMATION

LOI OR MOU FOR LARGER DEAL OVER \$5MM



### PHASE 4 – POST CLOSING

- CUSTOMER LISTS
- SUPPLIER LISTS
- FORMULAS AND/OR RECIPES
- SPECIAL PROCEDURES
- OPERATIONS & TRAINING MANUALS

THIS IS THE TIME FOR THE RELEASE OF ALL DATA, SENSITIVE AND PROPRIETARY.

FORMER OWNER TYPICALLY PROVIDES TRAINING TO NEW OWNERS AS THIS POINT

SF-219 SELLER INFO RELEASE PROCESS

LEGACY VENTURE GROUP  
BUYBIZUSA.COM

3419 Brook Crossing Dr. Brandon, FL 33511 • +1-833-289-2491 • Biz@BuyBizUSA.com

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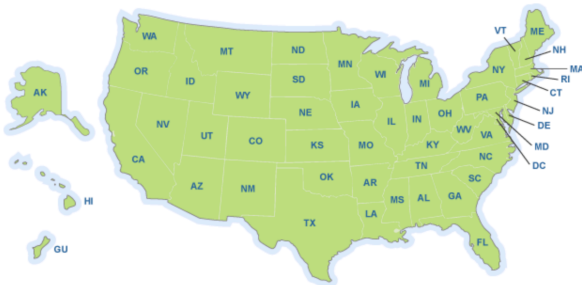


*We harness the power of over 3400+ Business Brokers WORLDWIDE!*



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National and International

