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APRIL 2023

Business Sale Documents & Timely Signatures

In an acquisition of a business, legal documents typically begin with a preliminary agreement called Letter of Intent (LOI) between the Seller and Buyer. The LOI describes the proposed transaction terms. We often refer to an LOI as a written hand shake. A recent seller we were advising received a LOI from a buyer that was one page long. Another Seller we were advising received a seven page LOI. Both were reviewed by opposing counsel and after legal input were signed by both parties. Why one page versus seven pages? The attorneys in each case looked at the LOI differently and made a determination of what should be included in the LOI.

Another important document is an Asset Purchase Agreement (APA). An Asset Purchase Agreement and other closing documents are there to protect both parties, and they should be delivered by counsel in a timely manner. We've seen the first draft of an APA from a buyer completed in as little as a few days while on other occasions it has taken several weeks! We have also seen the review by opposing counsel be completed in days or even weeks as well. Why such a broad time difference? Because the attorneys involved need to understand the deadlines that exist and in many cases be pushed to meet those deadlines. It's important to acknowledge that time kills most deals, and proceeding timely avoids that most of the time.

Buyers will often discuss and request financing from one lender or several. Loan proposals will be requested and obtained and reviewed. Selecting a lender can involve things like interest rate, term, conditions, and most importantly loan approvals. Our

SELLER MOTIVATIONS

Why do you want to sell your business?

Maybe the better question is: **do you really want to sell your business now?**

Before looking for potential buyers, think carefully about your answer to these questions. After all, building your business takes years of time and effort, and selling your company may be the biggest financial decision you ever make.

Selling your business is also an emotional decision, so consider how you'll feel when the company is no longer in your control, especially if your identity is tied to the business, which is the case for many owners. Many business owners treat their business like another family member, and selling the business can feel like a death in the family, regardless of the sale amount.

Here are some common motivations for selling a business:

Your need for additional capital:

Businesses need capital to grow, and you may need a new owner with the funds needed to expand.

Retirement: You've made the decision to retire based on your age, a health issue – or simply because you feel overworked.

Your Net worth is tied up in the business:

It's common for the business to be the largest asset owned by a founder or the heir of a founder. You may want to sell your business to diversify your holdings and

experience with lenders and obtaining loan approval is based on three things. 1. Is it a good loan? 2. Is the loan request structured properly? 3. Is it presented to the right person/lender? Once the buyer makes a decision, it's time consuming and costly to switch to a different lender. Making a good initial decision is important both when the loan is made and after, as the right lender should be a valuable resource after the acquisition.

So why are we telling you all of this? Simple, we deal with the above scenarios all the time. Each transaction is unique and has its own set of challenges. It's impossible to know in advance what will come up, but we are always ready for something difficult to arise and work through. But the fact of the matter is, **WE GET DEALS DONE!**

So let us know what you are contemplating, and we are positive we can help!

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reduce the risk of tying up your net worth in one asset.

A Mature industry:

A mature industry is a market in which overall sales are declining. A good example was the market for cameras and film as mobile phones became popular. An owner may decide to sell the business before the company declines further in value.

No clear successor:

Many founders or heirs of founders of long-term companies run their businesses without considering the need to identify and mentor a successor. Rather than invest the time and effort to find a successor, you may decide to sell the business.

Partnership disputes: Growing a business is challenging, and disputes can occur between owners. Rather than continue to operate the business under difficult circumstances, business partners may decide to sell the company and part ways.

Boredom/Seeking New Challenges/New Opportunities:

Finally, you may simply be bored with operating your business and want to move on to a new challenge or interest.

Talk with family, friends, business peers, and others you trust. Ideally, you should be able to verbalize why you want to sell the business. You may not tell a seller your reasons in detail, but you must know for yourself.

Lastly, Choose Your Broker Wisely And Trust That He/she Understands You And Has Your Best Interests During The Entire Process From Beginning To End. The Journey Can Be Rewarding If You Have The Right Team In Place.

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