



## Protecting Your Investment

### As a Buyer, You Need Security

Here are just two examples of safeguards that we can use to make sure your investment is safe:

**Adjustment of Purchase Price** – a contract can have a mechanism to adjust the purchase price based on information discovered about the business

**“Clawback” Clause** - in a business where goodwill cannot be easily confirmed, we can ask for a part of the purchase price to be held in trust with an agreement to a partial or full refund of the escrow if an agreed-upon sales target is not achieved

## GOODWIN LAW

*Your Ally in the Deal*

A business transaction can have many moving parts. You can trust Goodwin Law to be on top of the situation and make sure that you buy the best possible business, that the entire business interest is securely transferred to you and that you don't pay until you are certain that you are getting what you want.



## BUYING A BUSINESS



- Getting to Know the Business
- Stages of Buying a Business
- Protecting Your Investment

### GOODWIN LAW

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# Stages of Buying a Business

- 1. Finding the Right Business** – a good business has a documented track record of performance and can show that the performance will not diminish
- 2. Letter of Intent** – a non-binding letter that you are looking into the business
- 3. Contract** – a commitment to purchase the business, contingent on due diligence and financing
- 4. Due Diligence** – examine the financials, property, and incidentals
- 5. Closing** – make sure the correct documents are executed



## GET TO KNOW THE BUSINESS

Knowledge is Power

It is easy to buy just any business. It is hard to buy a solid, profitable one. Here are things that you should do and look into before you hand over your money:

**Examine the Financials** – Ask the seller to provide five plus years of financial information. The financial pack should include copies of filed tax returns, balance sheet, profit and loss statements.

**Get a Business Valuation** – Consider having an accountant certified by the American Society of Appraisers prepare a valuation of the business based on your industry's appropriate valuation methods.

**Length of the Lease** – Make sure the lease is long enough so that you will not be out on the street without the right to operate the business you have bought.

**Will You Be Able to Keep the Staff?** – Ask if key

staff is able to stay on after you buy the business.

**Key Contracts** – Make sure the business has contracts for its key services, such as supply arrangements, agency agreements or renewable clients/customers, make sure that these are committed to writing, whether by way of contract, terms of trade or other formal methods.

**Intellectual Property and Business Goodwill**  
Make sure all intellectual property, business name(s), website, copyright on documentation, client/customer database, etc. are properly identified, documented and /or registered.

**Can You Get the Permits?** – Before you pay for a business, make sure you will be able to promptly get licenses and permits to operate it.

**Can You Afford It?** – Will you be able to get the financing, or is the owner willing to self-finance a large part of the deal?

