

KR's Transaction Process - 20 Steps to a Successful Sale

1. Initial Meeting – Introduction & Explanation

The first step is to have your KR Associate meet with you to explain how businesses are sold, and how KR can help you get the maximum value for your business, and answer your questions. During this meeting your KR Associate will ask for a copy of your business tax returns and P&Ls (Profit & Loss Statements or “financials”), company brochures and sales material, as well as other information about your company and will interview you about your business.

2. Recast Financials & Market Value Analysis

Your KR Associate will recast your financial statements and prepare a market value analysis. If you have decided to obtain a third party business valuation your KR Associate will prepare the business outline and financial statements for submission to the Valuation Analyst and then submit the package to the Valuation Analyst.

3. Second Meeting & Decision Time...

Your KR Associate will present and explain the recast financial statements and the market value analysis, and then it is decision time, are you ready and committed to sell your business? If so your KR Associate will prepare a representation agreement with you and when it is completed and signed we are ready to start.

4. Documentation.

Provide your KR Sales Associate with all the necessary documents and data required to sell your business. Details are not released to prospective buyers without your permission or a firm offer and a Confidentiality Agreement. Your KR Associate will prepare a Confidential Business Profile, and in some cases a video interview/tour, for your business based on the data and financial information you provide.

5. Advertising.

We advertise your business to obtain the highest possible response and the greatest number of prospects. In addition to our own websites, we also advertise in local newspapers, the Commercial Brokers Association, the Northwest Multiple Association, and the major business websites. Advertising for your business will be based on the type of business, size, and market conditions.

6. Buyer Qualification & Screening.

KR Sales Associates qualify prospective buyers upfront prior to showing your business. All prospective buyers must sign a non disclosure agreement and complete a buyer profile prior to receiving any detailed information about your business. Industry statistics indicate that only 1 in 15 buyers ever buy a business, and it may take up to 36 or even more than 50 prospects to sell your business, and often over 100 inquiries.

7. Showings.

KR Sales Associates introduce your business to qualified prospective purchasers once they have signed a non disclosure agreement. Qualified buyers receive a copy of the Confidential Business Profile for your business and will have the opportunity to view the DVD interview if available. Your KR Associate discusses the various components and

benefits of the business with the prospective buyer.

8. Buyer & Seller Meeting.

A meeting with you, the interested purchaser, and your KR Sales Associate is set up to discuss the details of your business and give you a chance to learn more about the buyer.

9. Offer to Purchase.

We represent your interests to get the best possible offer and prepare a purchase offer with the buyer.

10. Present Offer & Explanation.

You arrive at our office where we present the offer to purchase. At that time, we give you background information on the purchaser, and the purchaser's thinking behind the offer. We explain the terms and conditions of the offer to you and your decision makers. For example, most offers are contingent upon the buyer's inspection of your financial records, "Due Diligence". There may be other contingencies relating to lease assumption, licensing/franchise approval, obtaining financing, inventory, etc. The offer is not binding until your purchaser removes all of these contingencies.

11. Offer Acceptance or Counter Offer.

You may accept the offer as it is written, write a counteroffer, or reject it. We facilitate negotiations with the buyer to get the best possible offer and agreement.

12. Mutual Acceptance.

When both parties agree to all terms and conditions of the sale, sign all counteroffers and amendments, it then becomes a contingent Purchase Agreement.

13. Assist with Financing.

When the buyer needs assistance with leasing companies and banks, we guide the buyer to appropriate lenders.

14. Due Diligence (inspection & review).

The purchaser examines your financial records and other company data to verify the figures and confirm the business is what they understood it to be. This is a crucial point in the transaction.

15. Contingency Removal.

Your buyer removes the Due Diligence contingency and we are ready to open escrow. Other contingencies, such as lease, licensing/franchise approval, may remain open during escrow.

16. Escrow.

We work closely with the escrow officer to ensure the escrow stays on track and the closing goes as smoothly as possible. Our escrow company of choice specializes in business transfers and bulk sales and has many years of experience.

17. Note or Lien Search, Clearance, or Assumption.

Escrow checks for liens against the business and gets approvals from secured lien holders before the sale takes place. All liens must either be cleared (closed) or transferred to the

buyer if this is part of the offer.

18. Lease Assignment.

We work with your landlord and the buyer to get a lease assignment or new lease satisfactory to the buyer.

19. Inventory.

We meet with you and your purchaser to take inventory (if it applies to your business). If it is a large or complex inventory, it may be necessary to use an inventory service.

20. Closing.

Each party meets with the Escrow Officer to execute the final Purchase and Sale Agreement, security agreements, installment note, bill of sale, bulk sales, and other documents necessary; and pay the down payment. In some cases much of this documentation is signed in advance and the closing may be done at your business or our office.