



## **15 Things to Consider Before You Buy a Business**

When one decides to buy a business for themselves, the greatest concern is the unknown. Most people have pretty good idea of what they want to do, and probably what they are willing to pay for it, but the details of the deal is where the prospective business purchaser needs help. And since chance only favors the prepared mind, below are issues for you to consider as you begin the buying process:

1. What type of business are you buying? Is it a franchise? A concept? A license to distribute a product?
2. Do you need to form a business entity to buy the business? If so, what?
3. Will you purchase the company lock, stock and barrel, or just specific assets?
4. What assets are you buying? What liabilities are you assuming?
5. How are you going to purchase the business? Cash? Financing? Based on future profits?
6. What types of liabilities are attached to the business? Is there financing? What about sales, property or wage taxes? Contracts with vendors or purchase orders?
7. Who's going to pay for all the paperwork needed to get the deal done?
8. How will you determine the purchase price?
9. How are you going to handle the business's employees? What about their benefit plans?
10. Who (or more likely what) are you buying the business from?
11. Are there any claims or litigation against the business?
12. How much access will you have to the business prior to purchase?
13. Is there a franchise agreement, lease or other large, long-term contract you will attempt to assume?
14. Do you need to worry about competition from your seller after the sale?
15. Will you retain the seller as a consultant or employee? Under what terms?

This list is far from exhaustive, and every situation is unique, but we hope that this provides you with a starting point. Mullin Law, PC would welcome the opportunity to discuss these issues with you.