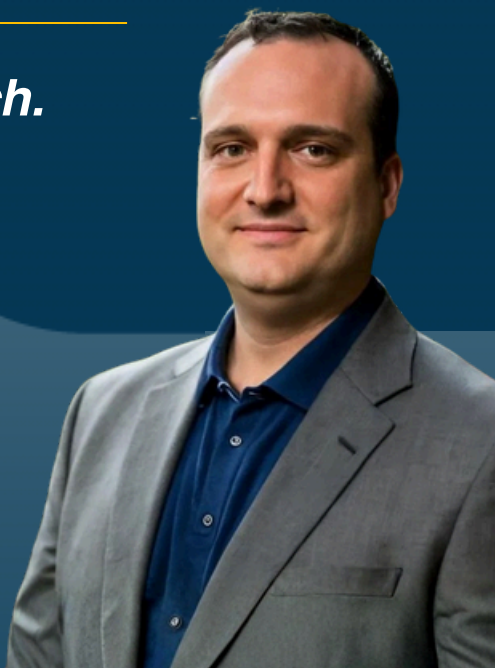
FIRST 1st CHOICE
BUSINESS BROKERS
WEST CHARLOTTE

SELLERS GUIDE

Understanding the Business Sale Process

Local Presence. National Reach.



Dave Raleigh
First Choice Business Broker of West Charlotte

MEET DAVE

Of First Choice Business Brokers West Charlotte Team

Dave has nearly 25 years of experience in service-based businesses. Growing up in a small business family he spent his summer vacations working with his father and brother in their Auto Body business, Raleigh's Auto Body. It's here that Dave feels like he learned the most about the core principles of integrity, commitment, and effort that he applied in his service career.

In the years following, he worked in the service based business for organizations like TruGreen, Safety-Kleen, and most recently Wind River Environmental, providing general leadership in business units from $5M to $100M of which a core component was acquisition and integration.

After building a good career and a beautiful family with his wife Lauren, and two children (Jack and Waylon), Dave looks forward to putting his experience all together to help people with their goals to exit or acquire regardless of the size of their transaction with the same level of detail as his beginnings.



Dave Raleigh
Broker



WHO IS FIRST CHOICE BUSINESS BROKERS?

Local Presence. National Reach.

First Choice Business Brokers is one of the largest business brokerage organizations in the United States specializing in the confidential sale and acquisition of small to medium-sized businesses.

Founded in 1994, FCBB has grown into a nationally recognized organization serving business owners across multiple industries and markets throughout the country.

Our offices combine local market knowledge with the systems, resources, experience, and support of a national organization.

FCBB provides a consultative approach designed to help business owners navigate the complexities of selling a business while protecting confidentiality and positioning the business properly in today's market.

OUR SERVICES INCLUDE:

- Market Price Analysis (MPA) - Valuation
- Confidential Marketing
- Required Buyer Confidentiality Agreement
- Buyer Screening & Qualification
- Buyer Proof of Funds Verification
- Negotiation Assistance
- Financing Coordination
- Due Diligence Facilitation
- Lease Assignment Assistance (where permitted)
- Business Transition Coordination

NATIONAL STATS:

- Founded: 1994
- Listings Managed: $15B+

WHY BUSINESS OWNERS EXPLORE SELLING

Every Business Owner Has a Different Reason

Business owners explore selling for many different reasons, and not every owner who explores value is ready to sell immediately.

For some, the motivation may involve retirement, burnout, health considerations, partnership changes, or the desire to spend more time with family. Others may be interested in pursuing new opportunities, reducing stress, or determining whether market conditions are favorable.

Some owners simply want to understand:

"What Is My Business Worth Today?"

Others want to determine whether now is the right time to begin preparing for a future sale. At FCBB, we believe that understanding your options is simply smart business planning. You do not need to be ready to sell today to begin learning about:

- current market conditions
- business value
- buyer expectations
- financial readiness
- operational improvements
- timing considerations

The earlier business owners begin preparing, the more options they often have available when the time comes to make a decision.

"Exploring value does not obligate you to sell. It helps you plan intelligently."



WHAT FIRST CHOICE BRINGS TO THE TABLE

Why Business Owners Use FCBB

Selling a business involves far more than simply placing a listing online.

A successful transaction often requires valuation guidance, confidentiality, buyer qualification, negotiations, financing coordination, documentation management, and transaction oversight.

MARKET PRICE ANALYSIS

Determining a probable market value range requires more than guesswork. FCBB helps business owners understand market conditions, comparable sales data, buyer expectations, and valuation methodologies to help properly position a business based on financial performance, industry trends, buyer demand, and overall business structure.

CONFIDENTIALITY

Business sales require discretion. Employees, customers, vendors, and competitors should not know a business is being sold. We utilize confidentiality agreements, buyer screening procedures, and controlled information release designed to help protect the business throughout the process.

BUYER QUALIFICATION

Not every inquiry is a qualified buyer. We help screen buyers for financial capability, seriousness, proof of funds, and overall fit before sensitive information is shared, helping reduce unnecessary disruption from unqualified inquiries or "tire-kickers."

MARKETING EXPOSURE

FCBB utilizes confidential marketing strategies, buyer databases, online platforms, broker cooperation, and targeted outreach to create maximum exposure while protecting confidentiality.

NEGOTIATION & DEAL STRUCTURING

The structure of a transaction can be just as important as price. We help guide negotiations involving financing terms, contingencies, inventory, seller financing, lease considerations, transition support, and overall deal structure, all of which can impact the final outcome.

TRANSACTION MANAGEMENT

Selling a business may involve lenders, accountants, landlords, attorneys, deadlines, negotiations, due diligence, and emotional decisions. We help coordinate the moving pieces throughout the process.

"You focus on running your business while we help guide the sale process."

UNDERSTANDING BUSINESS VALUE

- **What Determines Business Value?**

One of the most common questions business owners ask is:

- **"What is my business worth?"**

The answer depends on multiple factors including income, industry trends, operational structure, customer concentration, growth potential, management, and overall transferability.

Buyers are not simply purchasing historical performance. They are investing in future opportunity.

"Buyers pay for what they can see, but they buy for the potential."

HOW BUSINESSES ARE VALUED

Smaller businesses are commonly valued using Seller's Discretionary Earnings (SDE), while larger companies utilize EBITDA and additional financial metrics.

SDE

Net Profit + Owner Compensation + Add-Backs

=

Seller's Discretionary Earnings (SDE)/Adjusted Net Income

EBITDA

Earnings Before deducting Interest, Taxes, Depreciation and Amortization

From there, valuation multiples may be applied based on:

- industry
- risk
- growth potential
- buyer demand
- operational efficiency
- management structure
- transferability

Every business is unique, which is why valuation is both an art and a science.

WHAT BUYERS LOOK FOR

Understanding Buyer Perspective

Understanding what buyers value helps you position your business to attract the right offer.

- **STRONG FINANCIAL PERFORMANCE**

Consistent revenue, profitability, and organized records help support buyer confidence.

- **GROWTH POTENTIAL**

Buyers are often attracted to businesses with future opportunity and scalability.

- **ORGANIZED OPERATIONS**

Well-documented systems and operational consistency improve transferability and buyer comfort.

- **CUSTOMER STABILITY**

Customer diversification, repeat business, and strong customer relationships can positively impact value.

- **MANAGEMENT TEAM**

Businesses that rely less heavily on the owner are often easier to transition successfully.

- **COMPETITIVE ADVANTAGE**

Strong reputation, location, systems, niche positioning, or proprietary advantages help businesses stand out in the marketplace.

Even businesses with challenges or untapped opportunities may still be highly attractive to the right buyer.



PREPARING YOUR FINANCIALS

Why Financial Organization Matters

Many business sales today involve some form of financing, particularly SBA financing.

That means buyers, lenders, and advisors will often closely evaluate:

- tax returns
- profit & loss statements
- balance sheets
- cash flow
- operational consistency
- documentation quality

Well-organized financial records help:

- support valuation
- improve buyer confidence
- assist financing approval
- reduce delays during due diligence

KEY DOCUMENTS OFTEN REQUESTED:

- Last 3 years of tax returns
- Profit & loss statements
- Current balance sheet
- Year-to-date financials
- Supporting operational information

"Clean financials and organized records help buyers and lenders gain confidence in the business."

CONFIDENTIALITY *MATTERS*

Confidentiality Is Critical

If employees, customers, vendors, or competitors prematurely learn a business is for sale, it can create unnecessary disruption and potentially impact business value.

That is why confidentiality is a foundational part to everything we do at FCBB.

FCBB CONFIDENTIALITY PROCEDURES MAY INCLUDE:

- Buyer Non-Disclosure Agreements (NDAs)
- Buyer qualification procedures
- Proof of funds verification
- Controlled release of information
- Confidential marketing
- Limited disclosure of identifying information
- Structured buyer communication

Protecting confidentiality helps business owners continue focusing on operations while the process is managed professionally behind the scenes.

"Confidentiality is not simply important, it is critical."

THE FCBB BUSINESS SALE PROCESS

Understanding the Process

While every transaction is unique, most business sales follow a structured process.

STEP 1 Initial Consultation

STEP 2 Financial Review

STEP 3 Market Price Analysis

STEP 4 Listing Agreement

STEP 5 Confidential Business Profile Creation

STEP 6 Marketing Launch

STEP 7 Buyer Screening & Qualification

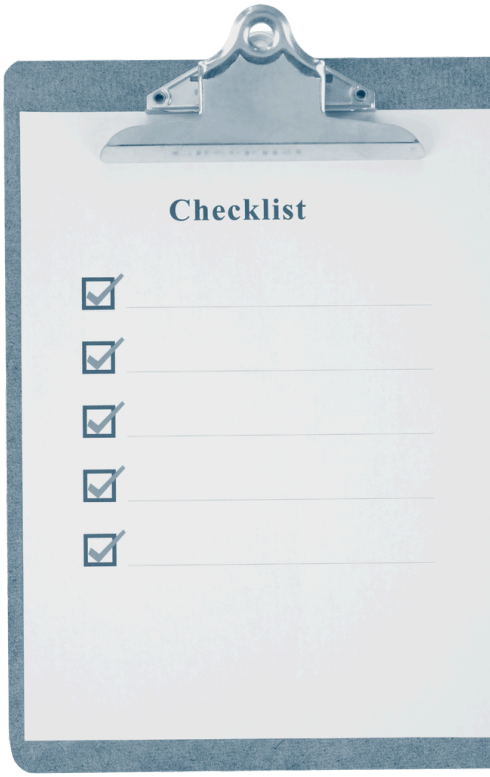
STEP 8 Buyer Meetings

STEP 9 Offer Negotiation

STEP 10 Due Diligence

STEP 11 Financing & Escrow

STEP 12 Closing & Ownership Transition



The timing and structure of each transaction may vary depending on the business, financing requirements, industry, and buyer structure.

SELLING ALONE VS *PROFESSIONAL GUIDANCE*

Why Many Owners Choose Professional Representation

Business owners are experts in running their businesses. Selling a business, however, is a specialized process involving valuation, confidentiality, negotiations, buyer qualification, financing, documentation, and transaction management.

WITHOUT PROFESSIONAL GUIDANCE:

- Difficulty maintaining confidentiality
- Limited buyer reach
- Unqualified buyer inquiries
- Challenges determining market value
- Increased time demands on the owner
- Financing coordination challenges
- Greater transaction complexity

WITH PROFESSIONAL GUIDANCE:

- Structured confidentiality procedures
- Wider qualified buyer exposure
- Buyer screening and qualification
- Valuation guidance
- Transaction coordination
- Negotiation assistance
- Process oversight
- Support throughout the sale process

"We Help You Get Paid For Your Life's Work "

PREPARING YOUR BUSINESS FOR SALE

Positioning Your Business for Success

Business owners who prepare in advance are often in a stronger position when it comes time to sell.

ORGANIZE FINANCIAL RECORDS

Clean and organized financials help improve buyer confidence and financing potential.

REDUCE OWNER DEPENDENCY

Businesses that can operate successfully beyond the owner are often easier to transfer.

DOCUMENT SYSTEMS & PROCEDURES

Standard Operating Procedures (SOPs) and operational documentation help improve transferability.

STRENGTHEN MANAGEMENT

A capable management structure can positively impact buyer confidence and operational stability.

EVALUATE GROWTH OPPORTUNITIES

Buyers are attracted to future opportunity and scalability.

ADDRESS OPERATIONAL INEFFICIENCIES

Improving operational efficiency may positively impact profitability and overall value.

Preparing early can create more options and stronger positioning in today's market.

Glossary of Common Business Sale Terms

A reference guide for business owners navigating the sale process for the first time.

ADD-BACKS

Expenses added back to net profit when calculating a business's true earning power. Common add-backs include the owner's salary, personal expenses run through the business, one-time costs, and non-cash expenses like depreciation. Add-backs help paint a more accurate picture of what the business earns.

ASSET SALE

A transaction in which the buyer purchases specific assets of the business rather than the business entity itself. Assets may include equipment, inventory, customer lists, intellectual property, and goodwill. Most small business sales are structured as asset sales.

BUSINESS BROKER

A professional who represents business owners in the sale of their business. A business broker assists with valuation, marketing, buyer qualification, negotiation, and transaction coordination, similar to the role a real estate agent plays in the sale of a home.

CONFIDENTIAL INFORMATION MEMORANDUM (CIM)

A detailed document prepared by the broker that describes the business to qualified buyers. It typically includes an overview of the business, financial performance, operations, growth opportunities, and asking price. It is only shared after a buyer has signed a non-disclosure agreement.

DUE DILIGENCE

The period after an offer is accepted during which the buyer verifies the information provided about the business. This typically includes a review of financial records, tax returns, contracts, leases, employee information, and operational details. Due diligence is the buyer's opportunity to confirm that the business is as represented before closing.

EBITDA

Earnings Before Interest, Taxes, Depreciation, and Amortization. A measure of a business's operating performance commonly used to value larger businesses. It removes the effects of financing and accounting decisions to give a clearer picture of operational profitability.

EARNEST MONEY DEPOSIT

A good faith deposit made by the buyer at the time an offer is accepted. It demonstrates the buyer's seriousness and is typically held in escrow until closing. If the transaction closes successfully it is applied toward the purchase price.

ESCROW

A neutral third-party arrangement in which funds and documents are held securely until all conditions of the sale have been met and both parties are ready to close. Escrow protects both the buyer and the seller throughout the transaction.

GOODWILL

The intangible value of a business beyond its physical assets. Goodwill includes the business's reputation, customer relationships, brand recognition, trained staff, and market position. In many business sales, goodwill represents a significant portion of the purchase price.

LETTER OF INTENT (LOI)

A non-binding document submitted by a buyer that outlines the proposed terms of the purchase, including price, structure, and key conditions. An LOI signals serious interest and serves as the starting point for negotiating the final purchase agreement.

MARKET PRICE ANALYSIS (MPA)

An assessment conducted by a business broker to estimate the probable market value range of a business. It takes into account financial performance, industry trends, comparable sales, buyer demand, and overall business structure. An MPA is not a formal appraisal but provides a realistic basis for pricing the business.

NON-COMPETE AGREEMENT

A provision in the purchase agreement in which the seller agrees not to open or work for a competing business within a defined geographic area and time period after the sale. Non-compete agreements protect the buyer's investment by preventing the seller from immediately competing against the business they just sold.

NON-DISCLOSURE AGREEMENT (NDA)
Also called a confidentiality agreement. A legally binding document signed by a prospective buyer before receiving detailed information about a business for sale. It protects the seller by prohibiting the buyer from sharing or misusing confidential information about the business.

RECASTING
The process of adjusting a business's financial statements to reflect its true earning power by adding back discretionary and non-recurring expenses. Recasting is used to calculate Seller's Discretionary Earnings and gives buyers and lenders a clearer picture of what the business actually produces.

REPRESENTATIONS AND WARRANTIES
Statements made by the seller in the purchase agreement confirming that specific facts about the business are true and accurate as of the date of closing. These may cover financial performance, legal compliance, ownership of assets, and the absence of undisclosed liabilities. Buyers rely on these representations as part of their decision to purchase.

SBA FINANCING
A loan program backed by the U.S. Small Business Administration that many buyers use to finance the purchase of a business. SBA loans typically require a down payment of 10 percent or more and involve a detailed review of the business's financial records. A business that qualifies for SBA financing is generally considered more attractive to buyers because it opens up a larger pool of qualified purchasers.

SELLER CARRY NOTE
Also called seller financing. An arrangement in which the seller agrees to accept a portion of the purchase price in installments over time rather than receiving the full amount at closing. A seller carry note can make a deal more accessible to buyers and demonstrates the seller's confidence in the future performance of the business.

SELLER'S DISCRETIONARY EARNINGS (SDE)
The total financial benefit a single working owner derives from the business in one year. It is calculated by taking the net profit and adding back the owner's salary, owner benefits, depreciation, amortization, interest, and any one-time or non-recurring expenses. SDE is the most common valuation basis for small businesses.

STOCK SALE
A transaction in which the buyer purchases the ownership shares of the business entity itself rather than its individual assets. Stock sales are more common in larger transactions and carry different tax and liability implications for both parties. Most buyers prefer asset sales, but stock sales may be preferred in certain industries or circumstances.

TRANSITION PERIOD
The period of time after closing during which the seller remains available to assist the new owner with training, introductions to key customers and vendors, and operational knowledge transfer. Transition periods are typically negotiated as part of the purchase agreement and may range from a few weeks to several months.

WORKING CAPITAL
The liquid assets available in the business to fund day-to-day operations. In a business sale, the question of how much working capital will be included in the purchase price is an important negotiating point. Buyers want to ensure the business has enough cash flow to operate normally from day one.

LET'S TALK

Considering Your Options?

Whether you are ready to sell today or simply exploring future possibilities, FCBB is available to help you better understand your options and today's market.

A confidential consultation can help business owners better understand:

- approximate market value
- buyer demand
- current market conditions
- transition timing
- potential next steps

If you're thinking about an exit, whether that's now or two years from now, we'd love to have that conversation. Let's talk.

Dave Raleigh

First Choice Business Brokers of West Charlotte
83 Dorie Dr Belmont NC 28012
(704) 228-3609
denverfoothills.fcbb.com
dave.raleigh@fcbb.com

Scan to schedule a free confidential consultation


1st
FIRST 1st CHOICE
BUSINESS BROKERS
WEST CHARLOTTE