



# DealMaker Playbook

Resource guide for professional advisors

# THE CPA'S NEW PROFITABLE TOOL

*CPA's and Business Advisors are uniquely qualified to assist their Small Business Client with the DealMaker360 process and no transactional experience or license is needed!*

DealMaker360's Professional Edition software ([www.dealmaker360.com](http://www.dealmaker360.com)) is a patent-pending technology built for the CPA or Business Advisor and their small business client. This advisory software takes the advisor and client from start to finish of selling a business. Below is a small sampling of some of the software's features:

- Assist with getting the business ready for sale (inside and out)
- Assist with completing a business profile which the software's adaptive intelligence (AI) then creates a marketing website
- Assist with finding a buyer if your client does not have one
- Assist the user(s) with setting-up their "team" by entering an email address for each team member
- Assist with creating a market valuation range
- Assist with sending/receiving electronically signed transactional documents
- Assist with an initial due-diligence list and uploading data securely
- Assist with a transition schedule for use at the close of the sale

## **You can profit from the software in one of three ways:**

1. Your client buys the Small Business Edition software at \$79.00 monthly; you become a team member and assist with the DealMaker360 process, while billing your hourly rate to the client
2. You purchase the Small Business Edition software at \$79.00 monthly, set yourself up as a team member, and provide your client a password for the software (as business owner). Then you help control the process, bill your client for the software, and bill your hourly rate
3. You purchase the Professional Edition for \$299.00 monthly, which allows you to have multiple clients (up to 10) on the software at any given time, then you bill each client for the use of the software as well as your hourly rate as you assist them with the DealMaker360 process



- **There is a “tidal wave” of small businesses** that will be for sale over the next decade, including your clients
- The millions of businesses controlled by the Baby Boomers is just the beginning of this incredible trend
- Annually, **over a million U.S. business owners** attempt to sell their business
- **Approximately 75% of these “deals” fail** because selling a business is a process-driven transaction, not an anecdotal one.
- U.S. business owners spend **in excess of \$35B every year** on professionals and other services to help them transition their businesses, many unsuccessfully. That will change with [www.dealmaker360.com](http://www.dealmaker360.com)

**The average CPA-involved transaction = 40+ hours, not including advisory.**

## Increase Billable Hours and Client Happiness

The professional services world is changing. Technology is a doubled-edged sword, creating both efficiencies and redundancies in the service world. It is important for us as professionals to adapt to the wide range of technologies available and continue to provide our clients with a valuable service.

Every business owner will need to sell their business at some point. Whether it is deliberately at the time of retirement – because of financial need due to distress – or under some other unforeseen circumstances.

As a service professional, you are in a unique position to assist your client through the process of listing and selling their business. By expanding your services to support your clients’ effort to sell their business, this becomes a win-win for both parties.

To help you expand your available services, you can subscribe to DealMaker360.com and educate yourself on your role in helping your clients successfully sell their business. There are a variety of resources within the DealMaker360 system to help you learn all you need to know. DealMaker360 will provide you with content, newsletters, and other great resources that you can share with your clients to educate them about how you can help them successfully sell their business.

Through your new partnership with DealMaker360, you will successfully add an entirely new revenue stream to your practice and create greater value for your customers.

Once you have signed up for DealMaker360 and have a client interested in selling their business, here’s how it works:

- Sign in to your DealMaker360.com account and, on the dashboard, use the “Invite Client” tool to send your client an invite to use DealMaker360.com. They will receive a link in their email which will launch DealMaker360.com and prompt them to complete a business profile.

**If your client has a buyer, you can skip this step and go right to “Negotiate Terms.”** If their buyer falls through, you can always come back to this step and assist your client in finding a new buyer.

- Your client’s business is ready (inside and out), their basic documentation is in order, and you have explored valuations with your client to provide a range of value for their business. Now you are ready to begin assisting your client with the process of marketing the business to potential qualified buyers.
- Since you have completed the DealMaker360 business profile information with your client’s input, you and your client already have a confidential “marketing website” that the software created. The marketing website contains all the general facts about the business but nothing that will identify the business with just that link – so you and client are ready to talk with buyers.

## **Do I Need To Find Buyers?**

So, you are asking yourself, “do I have to find buyers for my client’s small business?”

The answer is, generally speaking, no. However, you can assist the client with identifying buyers.

Your client will usually identify buyers in three ways:

1. Your client knows the potential buyer and/or their company
2. Your client “knows of” a potential buyer and/or their company
3. You or your client looks for previously unknown buyers

Initially, most sellers will look to the Internet and consider “listing” their business. Before your client gets their hopes up with this process, it is also widely known by the pros that the failure rate of “listing” a business is close to 90%, and that many of these listing sites are very expensive. The other option is listing with a local business broker; again, the failure rate is high. So, what should you advise your client to do?

## Types of Buyers

Before you can advise your client, you need to understand that there are three primary types of buyers:

1. Those who are buying themselves a job
2. Those who are looking for a business that needs “fixing up”
3. Those who see your client’s business as a growth opportunity that they can exploit, with the end goal of selling the business again, at a later date, for a sizable return.

## Of course, the final buyer type should be your client’s primary target

It’s important to note that you will market a \$400,000 business differently than you would a \$7,000,000 business. Keep in mind that there are three different categories of businesses for sale and the valuation will determine how wide of a geographical area you should target with your marketing efforts.

1. Generally speaking, if your client’s business is valued under \$1 million, there is a 70%+ chance that the buyer will come from a 50-mile radius of the business
2. Businesses valued at more than \$1 million are more likely to attract domestic buyers outside that 50-mile radius
3. Businesses that eclipse the \$5 million valuation mark may attract local buyers but will be far more likely to attract geographically remote domestic – and even international – suitors than companies with a lower valuation.

Consider assisting your client with this four-point sales strategy to target the growth opportunist mentioned above:

1. Advise your client on building a list of potential buyers using the information provided below (see – “**Start Here**”) and have them contact each potential buyer personally, or if they are unable to do so on their own, assist them with finding someone qualified to make the introductory calls
2. Consider sending out the “marketing website” link to all your professional contacts, your other small business clients, or your other contacts that you qualify as having interest

3. Advise your client to contact the local business brokerages (within 100 miles) and set up an agreement to pay a commission, which will be 2.5 – 3% of the gross sale price, for a completed sale to any contact with whom they share the marketing website link
4. Ask your clients to consider a Facebook or LinkedIn ad campaign since they are easy to put together, especially with the DealMaker360 marketing website link you already have

Since your client has a “marketing website” link already built in, you or your client can simply email your marketing website link to a potential buyer to gauge their interest in the business. Now, implement a good communications plan with your client and other team members.

Now that your client’s business is “ship shape,” you both understand the value range for the business, and now you have a qualified buyer — or, quite possibly multiple qualified buyers — ready to submit an offer...what’s next? **DealMaker360’s “negotiate terms” step!**

## Finding Suitors Using the Internet

Think through what kind of buyer might be interested in your client’s company. Doing this first will help you understand what kind of keywords to use in your search. You will want to determine the answer to this key question: **What geographical area would a suitor need to live in to make it feasible to purchase and operate this company?**

Assign keywords to the answer to this question. If the suitor could be state wide, you would use your state, i.e. “California,” or if they would only be in Southern California, you would want to look at the main cities in that area and mark those down as keywords for your geographical area i.e. “Los Angeles,” “San Diego,” “Long Beach,” “Bakersfield,” etc.

**Determine what kind of suitor would have interest in your client’s company and choose keywords that describe them. Interested suitors might include:**

- **A similar company** offering the same products and/or services your client provides
- **A company with a similar offering but lacking what your client specifically provides.**  
By acquiring the products of another company in the same market sector, a company can expand their product range by selling more products to existing customers
- **A company that would purchase your client’s company to “Vertical Integrate” with theirs.**  
A vertical acquisition is an indirect method of controlling a competitor’s access to essential supplies, allowing the company to gain market share. For example, if you are a vertically-integrated produce company, you will own a farm that grows the produce, a distribution

company that sells and distributes the produce, and possibly a grocery store that provides a direct retail outlet to sell the produce

## Step-by-Step Instructions

- Now that you have identified keywords that fit the type of suitor you are interested in, it is time to open your search engine and get started. Using Google, or your desired search engine, enter a geographical keyword and a suitor type keyword i.e. “California dry cleaner”
- Add “Directory” to the end of the search words so now it reads “California dry cleaner directory.” This will bring up directories of the type of companies you are looking for, making their contact information easy to copy and paste
- Now click “Search” and carefully go through the results. As you find companies you want to add to your list, copy and paste the information directly into the DealMaker360’s Buyer Tracker Report
- You can also try using small business listing resources such as [www.manta.com](http://www.manta.com), where you can search by industry type, sector, and location. As you identify companies, add them to your list!

# INDUSTRY TERMS & DESCRIPTIONS

**Buyer:** a person or entity who has or is considering purchasing a company

**Seller:** a person or entity who has or is considering selling a company

**Deal or transaction:** where two or more parties for their mutual benefit, have completed or are contemplating completing the sale or purchase of a company

**Merger & Acquisition (M&A):** a general term that refers to the consolidation of companies or assets through various types of financial transactions

**Strategic Buyer:** a type of buyer who is in the same industry/business and after the completion of the transaction, can be quickly integrated

**Financial Buyer:** a type of buyer in an acquisition that is primarily interested in the return that can be achieved from a purchase

**Business Broker:** assists buyers and sellers of privately held companies in the buying and selling process

**M&A Specialist:** a transactional expert that facilitates the purchase, sale, or merger of companies; their responsibilities will vary greatly depending on the type of transaction

**Investment Banker:** an individual that often works for a financial institution who primarily focuses on raising capital or M&A strategy for client corporations

**Business Advisor (CPA, Business Consultant, Financial Planners):** works with clients on strategy, planning, problem solving, and exiting their company

**Private Equity:** a firm composed of funds and investors that primarily invest in private businesses with the goal to grow, hold, and sell within 3-7 years

**Executive Summary:** explains the main features of a business in a way that provides clear understanding for a potential buyer

**Business Profile:** a one-page overview that provides the reader basic information about a particular company

**Blind Profile:** same as the business profile except it does not disclose the name/identity of the business

# WHAT IS THE DIFFERENCE BETWEEN AN ASSET SALE AND A STOCK SALE?

Basically, asset sales are the purchase of a business' assets and, quite possibly, select liabilities. A stock sale is the purchase of the owner's shares in the corporation being purchased. However, if the business is a sole proprietorship, a partnership, or a limited liability company (LLC), the transaction cannot be structured as a stock sale, since none of these entities have "stock". Owners of these types of entities can sell their assets or their partnership/membership interests, as opposed to selling its stock.

If the business is incorporated, prior to executing a term sheet or Letter of Intent (LOI), the buyer and seller must decide whether they desire to structure the deal as an asset sale or a stock sale.

It is important to get professional advice regarding the best structure for each particular situation/structure, as there are many considerations when negotiating the type of transaction, including, but not limited to, tax implications and potential liabilities. For more information go to [dealmaker360.com](http://dealmaker360.com).

# PREPARE A BUSINESS FOR SALE CHECKLIST

When preparing your business for sale, it's important to remember that first impressions are critical to a prospective buyer. Prior to disclosing the documents listed below, you must complete these two steps:

1. Get all of your documentation in order — this means *everything* from A-Z.
2. Execute a Non-Disclosure or Confidentiality Agreement

**Once the above items have been completed, use the following list as an outline for necessary transactional documents for the purchase or sale of a company:**

- Personal Financial Statement Form for Buyer to Complete
- Offer-to-Purchase Agreement
- Note for Seller Financing
- Financial Statements for the Current and Past 3 Years (if applicable)
- Statement of Seller's Discretionary Cash Flow
- Financial Ratios and Trends
- Accounts Payable and Accounts Receivables Aging Reports
- Inventory List with Value Detail
- List of Fixtures, Furnishings and Equipment with Value Detail
- Asset Depreciation Schedule from Tax Return
- Supplier and Distributor Contracts
- Client List and Major Client Contracts
- Staffing List / Employment Agreements
- Organization Chart
- Photos of Business

- Business Structure Documents
- Corporate or Schedule C Tax Returns for Past 2-3 Years
- Building or Office Lease
- Equipment Leases and Maintenance Agreements
- Business Licenses,
- Professional Certificates
- Insurance Policies
- Patents, Trademarks and Other Intellectual Property
- Outstanding Loan Agreements
- Description of Liens
- Product/Service Descriptions and Price Lists
- Business Plan
- Marketing Plan and Samples of Marketing Materials
- Employment Manual
- Procedures Manual
- Other Documents Unique to Your Business

# INTRODUCING CLIENTS TO DEALMAKER360

## Email Template

Use the following email template to inform your clients of this new service and open the initial dialog:

Dear Client:

When the time comes and you are considering the sale of your business, I want to be your first call. I now have access to a breakthrough software called DealMaker360. This software assists with the sale process from start to finish.

DealMaker360 is a proprietary platform that provides a simple, yet disciplined, step-by-step process, as well as the tools needed to dramatically increase your chances for success – whether you have a buyer or not. The software speeds up the sale process and eliminates many potential deal-killers that occur during the transaction, all while reducing your transactional fees and expenses, and the overall stress related to selling your company.

**Here are a few of the software's features and tools:**

- Provides a process to get the business ready for sale (inside and out)
- Creates a detailed business profile
- Creates a marketing website using the software's adaptive intelligence
- Assists with finding a buyer
- Assists with building your team
- Assists with identifying your market valuation (range)
- Electronically send/receive confidential transactional documents
- Provides an initial due-diligence list and uploads the data securely
- Provides an editable transition schedule for the close of a sale

We have all heard the horror stories about “deals gone bad.” DealMaker360 has been changing this reality, one deal at a time. DealMaker360 will help by providing a simple, straight-forward process that breaks a transaction into sections that are easy to navigate – think of the Dealmaker360 software as a “transactional GPS.”

Annually, over a million U.S. business owners attempt to sell, with an even greater number of buyers trying to buy. A majority of these “deals” fail because selling a business is linear process with multiple steps, therefore just “listing” a business on a website will, 90% of the time, end in failure.

With the DealMaker360 software as the “transactional GPS,” you can feel confident about the process of selling your business, and you will greatly increase your chances for a successful sale.

Please call me at your earliest convenience to discuss your exit strategy. Be prepared for what will be the most important transaction of your business career, the sale of your company.

Regards,

John T. Smith

CPA

# PREPARING A BUSINESS FOR SALE

Whether you purchased a small business a year ago or you've spent years — maybe even a lifetime — building your business, it's important to have clearly defined goals and objectives and an exit strategy for your company.

## Once you are ready, put together your initial plan with the following elements:

**Research your specific industry:** Where was the industry five years ago, where is it currently, and what are the industry experts saying the future holds for your industry?

**Pick an exit date:** Should be no less than eight months in the future, but it's best to choose a date that is at least one year out, since the more time you have to get the business ready for sale, the better prepared you are to market your company.

Getting your business ready for a sale includes two critical tasks:

1. Prepare your location(s) for tours or inspections (Preparing the outside)
2. Get your business data in order and stored electronically for easy transfer to a potential buyer once they are qualified and have executed the necessary non-disclosure agreement (Preparing the inside)

Now that those two critical tasks are complete, you are ready to successfully market your business to potential buyers.

For more information on the process of selling your business go to [www.dealmaker360.com](http://www.dealmaker360.com) for further information and expert guidance.

# STEPS TO BUYING A SMALL BUSINESS

## Review Opportunity

Tasks in this step:

- **Review Blind Profile:** before you commit to signing a non-disclosure agreement (NDA), ask for a “blind profile” of the business, unless the business is for sale publicly or you already know the seller
- **Request NDA:** if the business is not publicly for sale, request the seller send you an NDA
- **Execute NDA:** once you receive, review, and agree to the terms of the NDA, sign, return, and request the company’s executive summary
- **Review Information on Company (Executive Summary or Target Company Profile):** once you review the information, contact the seller to discuss next steps and timing
- **Discuss Interest Level with Seller:** after the conversation with the seller, confirm timing and next steps with the seller

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*If you hire a professional business broker or M&A specialist, they will assist you with several of the aforementioned tasks.*

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## Moving Forward

Tasks in this step:

- **Complete Buyer profile:** now that you have decided to move forward with the seller, you will need to provide the seller with detailed information, including your qualifications to buy
- **Review Data Room:** review the information the seller has stored in the deal data room
- **Discuss Interest with Seller:** continue to talk with the seller regarding interest as well as questions on the information you have reviewed

- **Assemble Buyer Team:** if you have decided to make an offer, you will need to add your service professionals to the process. Therefore, provide the seller the necessary contact information so the seller's advisors can establish contact if/when necessary
- **Negotiate Term Sheet:** discuss terms and structure with the seller
- **Execute Term Sheet:** once the terms and structure has been agreed to, execute the term sheet, and move to the final step of the business purchase

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*If you hire a professional business broker or M&A specialist in addition to having an accountant and attorney on your team they will assist you the aforementioned tasks.*

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## Closing the Deal

Tasks in this step:

- **Begin Final Due Diligence Q&A:** review the due diligence documents and request any missing information that is needed to confirm the facts and figures agreed to in the term sheet
- **Complete Final Due Diligence:** once you and your advisors are satisfied with the review of the company, discuss a closing plan and schedule with the seller
- **Agree to Closing Plan:** once you have agreed to dates and deliverables needed for the transition of the company, move on to getting the documentation in order
- **Closing Documents & Schedules:** work with your advisors and the seller's advisors to get the documentation complete
- **Sign Documents/Close Deal:** once all the documents are complete and in final order, execute, and close the deal
- **Transition Company:** work with seller to transition the company

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# I HAVE A BUYER FOR MY COMPANY, NOW WHAT?

## When you have a potential buyer:

1. Collect the buyer's contact information and that of any professionals he/she may be using to assist with the facilitation of a transaction. This may include a business broker or M&A Specialist, an accountant or CPA, and quite possibly an attorney. It's critical to have this information as you begin to negotiate the terms/structure of a potential deal as the professionals may need to be involved for tax, price allocation, and legal structure issues or questions.
2. Request both proof of the buyer's qualifications to buy, and information about what kind of deal structure are they looking for. Be blunt but clear with the potential buyer, and do not be afraid to ask the hard questions. You do not want to get down the road with a potential buyer just to find out that they are not qualified, or that they want you to finance the entire deal with little or no cash at close.
3. Negotiate the terms and structure of a deal that you both can agree to, then draft and execute a one-page term sheet that outlines the aforementioned agreed-upon terms.