
TRANSACTION SERVICES

SELLER DUE DILIGENCE

Increase Your “Yield” at Harvest Time

Most business owners understand the value of thorough due diligence when buying or investing in a company. But, as a seller, you can also increase your “yield” with a thorough and relevant evaluation of economic risks. This also gives you the ability to provide prospective buyers a cleaner offering with less uncertainty to consider when they are looking at your company.

Seller due diligence can help assure potential issues are identified and either disclosed or properly considered before they may surface by the buyer’s due diligence. During negotiations, everyone is happier when there is solid information, and no surprises. Having strong information, that is supportable makes a transaction more approachable and may keep more buyers in the bidding. It could also shorten the overall timing of the deal as well. This information can also help align your expectations with outside market indicators regarding your business and its value.

Seller due diligence usually focuses on the same high-risk areas a buyer would consider, such as:

- Quality of earnings
- Quality of revenues and revenue recognition
- Add-backs and EBITDA adjustments proposed by seller
- Estimates
- Quality of working capital
- Tax matters and state and local tax reporting
- Inventory valuation
- Earn out considerations
- Assurance – consider agreed upon procedures, audits or reviews

We are here to help you through the process, from start to finish. We will first help you understand the process required to sell your business in order to maximize your return. We will then help you evaluate your situation and consider the best timing to exit your business, estimate how much you might expect to get for your business and create a plan to realize or increase the business’ value until the actual sale takes place.

Next Steps

Contact your Eide Bailly service provider, or a member of our transactions services team, to discuss how our Firm can help you consider a future business transaction. Even if a potential exit is years away, we will help you focus on key business issues, develop a planning process for the future transaction and coordinate services with our wealth management team.

You may be dealing with a challenging and highly competitive market when you buy or sell a business. By utilizing a team approach, we can help you increase your return on investment.

FOR MORE INFORMATION

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