

FINANCING YOUR PURCHASE

MANY TRANSACTIONS FAIL BECAUSE OF FINANCING COMPLICATIONS

Start with your bank – if you have good banking relationship it is a great start. If you don't there are many small business bankers who would be pleased to start a relationship with you. They can also be fountains of knowledge to help you make the right moves.

Look at your own personal balance sheet – identify hard assets you might leverage for closing funds.

Start a relationship with a good business broker early – they have relationships with numerous financing sources that can help you fine tune your needs.

A rule of thumb is to have at least 20% liquid resources for any business purchase.

Make sure you calculate all the working capital needed to close a transaction and get the business operating under your ownership.

The purchase finance market has a wide variety of lenders with a vast selection of lending programs available.

Look for Sellers interested and able to at least partially provide financing.

Consider equity partners to help finance the purchase.

Cost of borrowing has a wide range – because there are so many possible structures, and types of borrowers we can't be precise. Consider the effective range between prime + 1% to 30% per annum.