



## Mel Lisiten on TV



## Mel Lisiten on the Radio



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Leaving Wall Street to Buy a  
Business  
How to Sell a Business  
Buying and Selling Businesses

## Awards



Named To: DiversifyBusiness.com's  
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ACQ5

End of the Year Country Award from  
Intercontinental Finance Magazine

Acquisition International M&A  
Awards Business Broker of 2013



Often imitated, never duplicated. Est. 2003

**LISITEN ASSOCIATES BUSINESS BROKERS** Has been in Business since 1982.

**MEL LISITEN** is a **MERGERS AND ACQUISITION SPECIALIST**

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We are a Marketing Company, **Totally Focused** on **Selling Businesses** !

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**LISITEN ASSOCIATES** was inducted into the :

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**LISITEN ASSOCIATES** Is named:

**"TOP BUSINESS BROKER OF THE YEAR 2013 and 2014"**

by **ACQ MAGAZINE**

**LISITEN ASSOCIATES BUSINESS BROKERS** is named

**"TOP BOUTIQUE BUSINESS BROKER OF THE YEAR USA "** for 2013 and 2014

by **ACQUISITION INTERNATIONAL MAGAZINE.**

**LISITEN ASSOCIATES BUSINESS BROKERS** has **WON**

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by **"DIVERSITYBUSINESS.COM**

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**LISITEN ASSOCIATES** is the **AWARD WINNING BUSINESS BROKERAGE** **SEVEN YEARS IN A ROW** of the **TOP AWARDS FOR BUSINESS BROKERS** in the **TRI-STATE AREA** of **NEW YORK, NEW JERSEY and CONNECTICUT.**

**WE ARE NOW ALSO SERVICING THE STATE OF FLORIDA,** soon in **CALIFORNIA.**

**LISITEN ASSOCIATES** HAS WON THE COVETED

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## Mel Lisiten's Blog

**EXIT PLANNING; is it worth my time? ABSOLUTELY!**

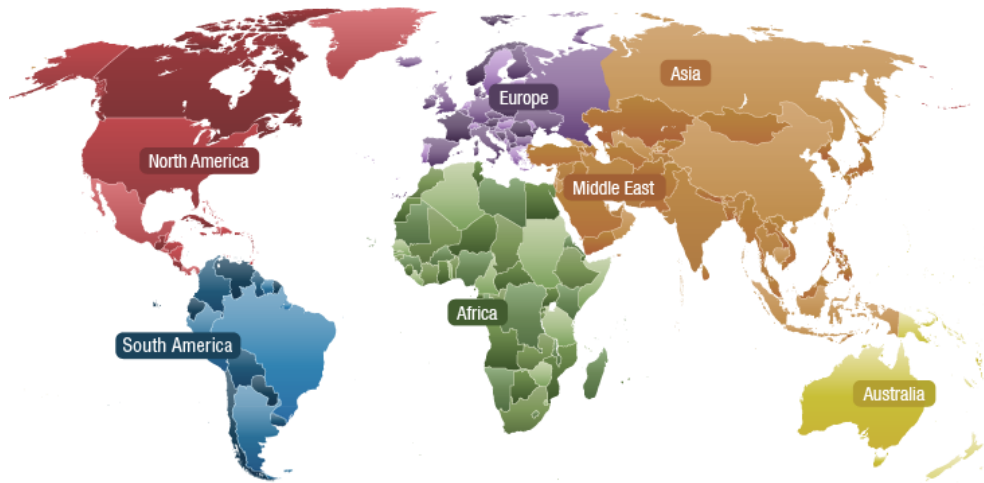
The exit planning process is a great thing to do especially if you are contemplating leaving your ... [Read More »](#)

**LISITEN ASSOCIATES  
Receives 2014 Best of  
Manhattan Award**



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Our listings appear on up to 49 of the following global websites...



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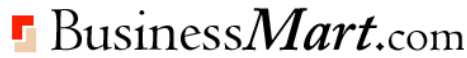
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**Business Hall of Fame**  
7 Consecutive Years

**LISITEN ASSOCIATES**  
**BUSINESS BROKERS**

Best of  
**2014**  
*Manhattan*

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Award Program



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# Disrupting the M&A Industry

*Lisiten Associates Business Brokers is a member of the International Business Brokers Association, the Better Business bureau and the Real Estate Board of New York. They act as consultants and business brokers to individual buyers and sellers as well as corporations and investment Groups.*

*Lisiten Associates has been acting as a brokering business since 1982. They are a professional, steadily growing business brokerage company and service a wide variety of businesses in a professional and confidential manner.*

It only took Mel Lisiten 27 years to disrupt the M&A and business brokerage Industries.

Prior to this, brokers would advertise their listings in the traditional local manner, or to their limited contact list, but not always confidentially.

Today, Lisiten Associates is the undisputed leader in the global marketing of privately held, profitable businesses and companies, doing at least \$4m in sales.

The company advertises their exclusive listings confidentially on 49 websites and in seven languages. By doing this, they are quickly able to find an optimum buyer for the business, as fast as possible from anywhere in the world. Using this marketing strategy and their proprietary "steps to a sale", they close more deals than anyone else and have become a leader in the field.

Mel calls this "killer marketing techniques", something he learned years ago in the fashion industry. Mel now applies these techniques to the business of selling businesses. Mel says: "I started

out selling t-shirts and now I sell companies!" His vast experience helps him to understand almost any type of business, giving him a major edge.

This technique is proving extremely successful, as Lisiten Associates has now sold more than 600 companies during its lifetime. Due to this and many other positive factors, Lisiten Associates is now the number one business brokerage in the Northeastern U.S.A.

"We constantly strive to continue to be one of the best premier business brokers in the world, providing a first class and personal service to companies and individual acquirers, bearing in mind the needs of both buyers and sellers of businesses, while serving them with confidentiality, integrity and service."

Lisiten associates boasts an elite team of successful professionals and the firm is constantly training new salesmen and women in its winning proprietary methods. There is no limit to the future of this company so only time will tell where the future will take them.



LISITEN ASSOCIATES  
BUSINESS BROKERS

Best of

2014  
*Manhattan*

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US (NEW YORK)

**★ BUSINESS BROKER OF THE YEAR -  
LISITEN ASSOCIATES BUSINESS BROKERS**

"EXPERIENCE THE DIFFERENCE" is the Motto of LISITEN ASSOCIATES BUSINESS BROKERS. and quite a difference they have made in their field of endeavor.

In business for 32 years and still experiencing unprecedented growth, the Company's Business is Exploding all over the World.

Led by MEL LISITEN, this 22 person Organization has Excelled in every endeavor.

Their focus is Confidentially representing Family or Privately held Businesses and Corporations for Sale, Not only in the Tri-State area of New York, New Jersey and Connecticut where they began, but on a Global Basis.

Today, they also have offices in Florida, California and China as well as a Global presence on the World Wide Web.

To adapt to current World economic conditions, LISITEN ASSOCIATES has added additional marketing emphasis on the Internet Globally and has Joined Various International Professional Organizations.



**Mel Lisiten**  
President

**LISITEN ASSOCIATES  
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The firm is currently a member of 37 International Websites and Organizations and is constantly adding forward thinking Marketing Ideas with a focus on new industries as well as the Middle Market between Main Street and Wall Street.

LISITEN ASSOCIATES has a Global Client Base today and is planning to add additional associates in Russia, India, Great Britain and Israel as well as some others in the Future. They already have clients from all of these areas.

We know of no other Business Brokerage of U.S. Origin, servicing the Globe as successfully as LISITEN ASSOCIATES.

They excel at everything they attempt and are unbeatable on every level.

That is why we have Awarded them this Coveted Prize! "EXPERIENCE THE DIFFERENCE !



DiversityBusiness.com

**For Immediate Release**

**LISITEN ASSOCIATES BUSINESS BROKERS**

**NAMED TO: DIVERSIFYBUSINESS.COM'S**

**"TOP BUSINESS" 2013**

**NEW YORK, NEW YORK, MARCH 2013**

Honors have been bestowed upon the nation's finest and brightest entrepreneurs. In recognition of the momentous achievement, DiversityBusiness.com, the nation's leading multicultural social media site, has recently acknowledged **LISITEN ASSOCIATES** as one of the NATION'S "Top Businesses" for 2013. This **exclusive** ranking is a reflection of **LISITEN ASSOCIATES** overall vision, leadership and economic accomplishments in moving our economy forward. The award, known as the Div500, represents the most unique class of forward thinking companies who have earned the distinction of fostering a culture of sustainable growth among the communities they serve.

## **SPONSORS**



# Boutique Business Broker of the Year – USA

Mel Lisiten, Chairman/President of Lisiten Associates, discusses the firm's excitement at receiving the award.

Lisiten Associates has become the leading Business Brokerage/ M&A in the Northeastern US. The firm focuses on privately held businesses for sale in the range between the Main Street Businesses and Wall Street.

To adapt to the current market conditions, Lisiten Associates has added additional marketing emphasis and has continued to grow. The firm is a member of 37 websites globally and are constantly adding more with emphasis on new industries.

Lisiten Associates has a global client base, with offices in New York, Florida, California and Beijing, China. The firm is planning additional offices in Russia, India, Great Britain and Israel in the future, and already has clients from all of those areas.

Commenting on the firm's greatest achievements over the last 12 months, Mr Lisiten noted that the firm recently sold its first gold mine for \$25 million and has just listed two more gold mines in Arizona for sale – one for sale at \$80 million and the other of \$1.1 billion.

*"We are now opening another new division called MINEBROKERUSA.com, headed by Eric Hirsch an MBA, experienced in the mining industry," commented Mr Lisiten. "Eric has helped us grow the business. We expect to become an important factor in that industry."*

*"We have never been so busy," he continued. "We are getting may calls weekly from sellers wishing to sell their businesses as well as business owners looking for partnerships and/or licensing deals."*

*According to Mr Lisiten there have been events with a significant impact on the firm or its clients. He noted that the seques-*

*ter was expected to impact the firm's "aerospace companies for sale", but nothing has happened so far. The companies are all doing well and the firm's volume has consistently increased every year.*

*"Our reputation has grown along with our sales volume," he explained. "The average size of our clients have also been increasing consistently. Our clients definitely agree with our motto: 'Experience the Difference!'"*

Lisiten Associates places a great deal of emphasis on the team culture within the company. The firm has constant training sessions as well as a variety of educational tools, and the staff all work within a team concept.

Looking ahead, Mr Lisiten is extremely optimistic about the company's performance in the next 12 months and already expects to receive more awards.

*"We are definitely going to win again," he enthused. "We are already on track to do so."*

The firm's goals are to keep growing and giving its clients its complete professional attention as in the past, "with Service, Service, Service!" In the next 12 months, Mr Lisiten predicts that the firm's volume will increase significantly and it will grow globally.

Mr Lisiten offered the following advice to other companies and award nominees: *"Work as hard as we do and you may also win an Award!"*

He concluded: *"After 32 years in business, we love what we do more than ever. As for me, they will have to carry me out of here in a pine box!"*



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LISITEN ASSOCIATES

FIVE TIME WINNER  
2008, 2009, 2010, 2011, 2012

Best of  
**2012**  
*Manhattan*

U.S.  
COMMERCE  
ASSOCIATION

Auction Block *feature*

# Fashioning the art of the deal

*Mel Lisiten still has designs on brokering M&A in New York and beyond*



PHOTO: ANTHONY NOTO

**A funny thing happened** to Mel Lisiten on his way to becoming a fashion designer.

He became a business broker.

Lisiten is 70 years old now, but he hasn't slowed down a bit. From his East 38th St. office in the heart of Manhattan, the tanned, dark-haired Bronx native is still selling companies, one of which he wants to franchise nationally.

Known as "Mr. Corinthian"—he lives and works in The Corinthian Building—Lisiten is busy these days trying to broker the sale of privately owned IE Industries Fashions Inc. as well as the intellectual property of 1-800-Brokers Corp. He's also working on selling Pets

of New Hyde Park again—the third time in four years.

That Lisiten is juggling so many mandates speaks to his adaptability to a new reality in the business brokerage business, namely that sellers can now upload registration forms from his Lisiten Associates Web site, thoroughly explain how their businesses operate and submit proof of their financial stability. In other words, his ability to screen and qualify clients has been facilitated dramatically.

"It was almost impossible (before)," he recalls. "If you did three or four deals in a year, you were a miracle man."

Lisiten is still very old-school. He still works the phone to interview clients. He also tries to get whatever documentation he can, such as business receipts, tax returns or balance sheets. Anything to try to size up a potential buyer or seller. "Those who don't have the where-withal," he says, "are weeded out."

He believes such due diligence has become a lost art in the business brokerage community. He fears that buyers and sellers may suffer from having brokers who lack the fundamental education—in finance, accounting, merchandising, marketing, importing, exporting and retailing—to handicap effectively the risk that often is inherent in an M&A deal.

"The business brokering industry is not as organized as it should be," Lisiten notes before criticizing how easy it is to become a certified broker. "You take a test and it's a joke."

Lisiten himself doesn't have a college degree. He attended New York University briefly, and then dropped out of the Fashion Institute of Technology. "I was a rebel," he says.

He seemed to be going in a few different directions all at once. By the late 1960s, he was an executive for a sportswear brand who had to arrange fashion shows in different states. It was during this time that he also became a real estate broker—and found himself transplanted in Colorado.

Lisiten started a company called Instahouse Corp. that purchased, renovated and furnished homes in the Rocky Mountain state. He sold the company in 1978 for \$4 million and returned to New York. Two years later, a relative recommended Lisiten to a business owner who was shopping a chemical plant in Queens, N.Y., but needed someone experienced enough to find the right buyer.

Lacking knowledge about chemicals, Lisiten remembered a lesson he learned as an eight-year old at the knee of his uncle, Max Greenfield, a well-known investor who had a penchant for wearing three-piece suits in the summer (Greenfield was one of the developers of the original Pan Am building, now owned by MetLife.) Invest in what people want, he advised, and as an example, Greenfield told his nephew simply to open the refrigerator, and take note of the different products that his parents continued to buy from the supermarket each week.

Lisiten put a different spin on the lesson, and simply opened the cabinets beneath his kitchen sink. He looked at all the products he had purchased, and called every company who made them. He sold the chemical plant for \$56 million to Lever Brothers Co., now part of global conglomerate Unilever, and by 1981 he launched Lisiten Associates. His career as a business broker officially started.

Lisiten didn't stop multitasking, however. Even though Lisiten Associates grew throughout the 1980s, Lisiten's continued moonlighting as a free-lance designer was so successful that he hired some employees and started another firm, Fashionlab, in 1983.

Fashionlab became successful in its own right, creating original art to be used on products and clothes for clients such as Federated Department Stores Inc., Marshall Field & Co., J.C. Penney & Co., Gloria Vanderbilt and Pierre Cardin. (In fact, the self-promoting Lisiten was once fired by Cardin for letting it be known in media reports at the time that the brains behind each of these high-end designers was in fact one brain—his.) By 1988, Fashionlab had studios in New York, London, Florence and Como, Italy, and was bringing in about \$2.5 billion in retail sales.

Just as Fashionlab was helping major retailers learn how to design and source their own products, however, it sowed the seeds of its own destruction and contributed to the demise of the garment industry itself. "Retailers

were eventually going to own and control their own destiny as opposed to depending on small manufacturers," Lisiten explains.

Many of those small manufacturers decided to sell out—with Lisiten serving as their broker. Apparel brand companies such as Roytex Inc., VF Corp., Acker Knitting (now known as Acker Knitting Mills Inc.) and Zodiac USA, a woman's footwear company, all used Lisiten as their broker.

**T**he education of Lisiten as a business owner—Fashionlab faded into Lisiten Associates in 1992—paid its own dividends. He knows what it's like to actually to run a company, and that goes a long way with his brokerage clients. "I would imagine some of these companies call a typical broker who has no clue on how to deal with them," he says. "That's what my sellers tell me. I'm the first person who understands their business."

Witness the IE Industries mandate. The company, which provides department stores and clothing chains with women's, men's and children's apparel, once supplied Fashionlab with the fabrics and materials it needed to make garments. So the company knew how Lisiten ticked. As IE's broker, he is currently in talks with a buyer whose name is withheld due to confidentiality agreements.

The buyer's location, however, is a different matter. "They're in the same building," he says.

This isn't the first time Lisiten has capitalized on geography to cut a deal. When N.Y.-based Licenders Inc. was looking for a buyer in September 2008, Lisiten called investor Joe Tawil and took him on a "journey"—from Tawil's 7th floor office at 315 Fifth Ave. to the one on the 12th floor for Licenders President Adie Horowitz. Horowitz and Tawil hit it off, formed a partnership, and now run the lice treatment company together. "We [stayed] connected to Mel—he's the one that's going to franchise us out," says Horowitz, who valued the deal at \$2 million, or

approximately four times Licenders' earnings.

Lisiten is thrilled, too, and not just because he closed that deal in a month's time. "It's one of these niche businesses you see once in a lifetime and that's what I try to specialize in," he says.

Not all deals are so easy. Lisiten estimates that 10% of the businesses he takes on to broker a sale don't work out deals. Some companies simply "decided not to sell, or they misrepresented themselves and we dropped them."

Conversely, he won't abandon past deals. Pets of New Hyde Park in the Long Island town of the same name specializes in the marketing and exhibition of exotic fish, lizards and other animals. Lisiten brokered a sale of the company for about \$2.7 million in 2005. The new management wanted to expand the business but seemed to underestimate the amount of time and care that was required, he says. So now he's trying to sell it again.

With 1-800-Brokers Corp., this summer Lisiten mailed deal books for the company's intellectual property to about 10 potential buyers. The IP is owned by the pioneers of 1-800-Lawyers Group, the parent company of a service known for its nationwide daytime television commercials that connect callers with injury lawyers. The idea behind 1-800-Brokers is the same as 1-800-Lawyers, only with insurance, real estate and other types of brokers. Call the number, and the service will connect callers with one of those practitioners, who pay licensing fees for a given territory. Lisiten says talks with interested parties have indicated a value range somewhere between \$3 million and \$10 million.

Then there's Lisiten's pet project: the Fashionart Collection. He wants to license more than one thousand clothing concepts of his old company, a collection that was appraised for \$16 million in 1989.

"Look, I'm an artist to begin with and that will never change," Lisiten says. "But as good as people think I am, I never wanted to be in that business. They only make money when they die." ■—Anthony Noto



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## **SELLING YOUR BUSINESS**

### **INFORMATION FOR BUSINESS SELLERS**

Selling a business can be a time consuming process packed with headaches. It doesn't have to be. Deciding to sell your business is the easy part. How to go about it is another problem altogether! Setting a price, negotiating with a prospective buyer, and a sea of legal and financial details need to be addressed. Also, most accounting in a privately held company is done to minimize tax obligations and may not portray the company in the best light. We deal with this problem every day.

LISITEN ASSOCIATES provides or can help with:

### **KNOWLEDGE**

We can market your business in a confidential manner without employees, customers, suppliers or competitors knowing that it is for sale. That is important for the smooth continuation of the business during the selling process.

### **TIME**

We can save you time and frustration when it comes to selling your business. We're the small to medium business experts who can guide you through every aspect of the selling process; from arriving at a fair market value and price to handling financial arrangements and

closing the transaction. We're good at what we do. That's why our clients keep recommending us to all of their Friends and Family. Over 80% of our exclusive listings come from referrals.

## **MARKETING**

**25 % OF ALL BUSINESSES CHANGE HANDS EVERY YEAR.** Because so many small to medium businesses go on the market each year, selling a small to medium sized business is a competitive ordeal. We can expose your business to prospective buyers not only from your local area, but to buyers throughout the United States and from All Over The World, thus securing qualified prospects. We market on 36 Websites Worldwide as well as Hundreds of periodicals and Newspapers. In addition, we are on Every Important Search Engine Worldwide. We screen potential buyers to determine their financial qualifications, as well as their business backgrounds and abilities. Because we work with each potential buyer in finding the right business for his or her needs, we only bring you genuinely interested and qualified buyers capable of making a purchase.

Did you know that only one out of 10 buyers ever buys the first type of business they called about? Only one out of 400 buyers buys the specific business advertised. While this can be maddening if you try to sell your business alone, it is a big plus if you are working with LISITEN ASSOCIATES. Since we receive Dozens of inquiries a day and Hundreds per Week, the fact that you listed your firm with us increased the likelihood of finding a buyer early in the selling process.

## **NEGOTIATIONS**

**DETERMINING THE RIGHT PRICE**, of course is crucial. We'll arrive at a fair market price that you can feel good about, because we know the price of similar types of businesses in your area in addition to trends at work in the marketplace.

Because we screen all inquiries, then schedule buyer-seller meetings only with serious prospects at a time convenient for you, you receive

**the combined benefits of convenience and ABSOLUTE CONFIDENTIALITY.**

**WE handle negotiations in a clean, patient professional manner that keeps the business issues clearly in focus, rather than clouded by emotions and / or personalities. We can do something you cannot do; we are able to pursue the right buyer. If you do, on your own, they may feel you are desperate and will only low-ball you on price and terms.**

## **SUCCESS**

**We at LISITEN ASSOCIATES are well- trained professionals who are aware of your needs. In fact, most of us have experience as small to medium business owners and MEL LISITEN has also built and sold a Major International Brand.**

**Whether you are ready to sell your business now or just beginning to think about it, call us for a CONFIDENTIAL, no cost consultation and business analysis and evaluation.**

**We will be happy to answer any questions you may have.**

**We can make selling your business a successful, rewarding experience from your first meeting with us to the day you turn over the Keys to the New Owner!**

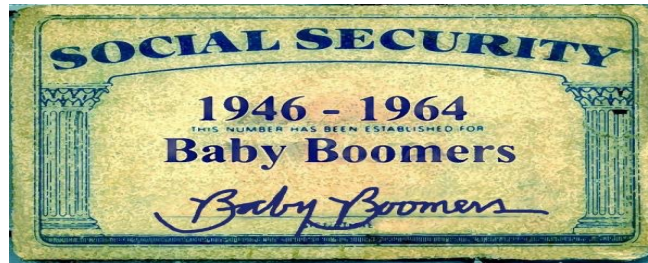
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**WE MAKE THINGS HAPPEN!**

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*Experience the Difference...*



## ***The Baby Boomer effect- WHY Right Now is the Time to Sell Your Business***

***By: Cody Weaver – VP Lisiten Associates***

*“My advice is to never do tomorrow what you can do today. Procrastination is the thief of time and money” – Charles Dickens*

So you have thought about selling your business in a couple years? The Baby Boomer retirement trend is something definitely worth considering. Here's WHY.

The Baby Boomers are turning 65 at a clip of over 18,000 per day. This trend will continue over the next 15 years. Professionals in the exit planning, business brokerage, and financial services industries have dubbed this “The Ten Trillion Dollar Opportunity”, because this will be the largest wealth transfer in the history of the United States. Just a few weeks ago BizBuySell.com said sales of privately owned businesses were up 54% in 2014 compared to the same time in 2013. This increase in business sales is unprecedented!! Retirement was the number one reason for those

sales in the fourth quarter of 2014, according to a survey by Pepperdine University and two trade groups.

The U.S. isn't getting any younger. Another study conducted by the United States Census Bureau says that 18.4 percent of the population will be more than 65 years old by the year 2020, which is 34 percent increase from 2000. Many of the Boomers are business owners. In fact 9 Million of America's 15 million business owners were born in or before 1964, resulting in one business owner turning 65 every 57 seconds- and the potential for a MASSIVE flood of businesses for sale.

Now think about it. Suppose you would like to sell your business someday. Would it be easier to sell NOW, or after 2020 when there will be a ton of gray haired entrepreneurs ALL looking to do the same?

Only the savviest business owners are taking advantage of the current favorable market conditions- and they are cashing in BIG! With interest rates at rock bottom lows, low inflation, historically lower capital gains taxes, and higher overall business valuations now is the time to cash in and enjoy what you have worked so hard for. In Real Estate it is all about "Location, Location, Location", in business it is all about "Timing, Timing, Timing". If selling your business is in the cards for the future, do yourself a HUGE favor and start planning now. Make a plan to beat the inevitable oversupply of businesses coming to market. Owners selling now are doing the victory dance; those that wait too long and fail to plan correctly will be doing the disappointment shuffle.

I know this sounds cold but it the truth! We are experiencing it first hand and the latest data confirms it. If there was ever an ideal time to sell, now is that time!

To read more of Cody Weaver's articles and blogs visit us online at [www.lisitenassociates.com](http://www.lisitenassociates.com)

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***Selling your business?? Here is why you should never, ever negotiate the sale on your own!***

**By: Cody Weaver- VP Lisiten Associates**

There is a saying in the legal profession *“Any lawyer that represents himself has a fool for a client.”*

So you have made the decision that you want to sell your business. There are many questions to ask yourself and your professional advisors. One of the most important will be, do I need a Broker or Intermediary to help me sell my business? The answer is YES. There are some rare scenarios in which a broker is not needed to **find** a buyer but, an Intermediary (whether it be a Broker or Lawyer) is ALWAYS recommended when negotiating the terms and sale of a business. A smart seller will NEVER represent themselves in a transaction of this magnitude.

Here is why: Picture two different football teams about to play each other on a Sunday. One team is from the NFL. The other team is a group of amateurs. The NFL team consists of professionals whose average height/weight is 6'6" 300lbs. They live, breath, and practice football every day. They watch hours of film and train religiously so that they are prepared for the perfect reaction to every play. These guys are like animals waiting to pounce on the first sign of weakness! They have played in numerous games and instinctually know how to play every situation that results in the best outcome...for them.

The amateurs average 5'10' and weigh in at 170 lbs and they have never played in anything more than a backyard scrimmage. Some of the players were athletes in high school or college but only a few actually played any

football. Although they have watched football on TV and understand the rudimentary strategies, their focus most of the time was directed at the cheerleaders and beer commercials.

Who do you think will win this game? Well we all know the answer to that. The NFL team hands down!! The professionals have a ton of experience. The amateurs will have to make it up as they go. The amateurs would have to be borderline insane to even step out on the field with the professionals.

This may not be the perfect analogy but, the majority of private business sellers face a similar situation all too often when it comes down time to sell their business. Valuing their companies, Confidentially Marketing them, and Negotiating the terms of the deal is all a first time experience. When selling what is most likely your most valuable asset, most will agree that it's definitely not wise to "learn as you go". Most will only have one shot at this, it is extremely important to get it right the first time. The buyers on the other hand are almost always experienced entrepreneurs especially in the lower middle market. (Lower middle market= E.V. of \$5M to \$50M). Many buyers in this niche have made acquisitions countless times and know precisely how to win big against the amateur. The amateur players will learn, painfully, usually after the ink is dry and the deal is closed.

There are so many important factors to know when working on a deal. It just makes sense to hire a professional!! The second a seller opens his mouth, he or she is negotiating against themselves. It's a proven fact! Don't get talked out of millions or agree to terms that will haunt you for the rest of your life. Hire a professional intermediary- a shark! One that has done this 100x more than the buyer has. A third party intermediary is necessary to keep the buyer honest and on his toes at all times. That's how you win and keep the playing field fair. My partners and I at Lisiten Associates are Top-Performing Business Brokers with 600+ deals and \$3 Billion in transactions under our belts. This experience has given us "street smarts" on how to sell lower middle market companies in a manner that is most favorable to you- the seller!

To read more of Cody Weaver's articles and blogs visit us online at [www.lisitenassociates.com](http://www.lisitenassociates.com)



## ***Steps to a Sale***

- 1.) Valuation: We will look at comparable businesses that have recently sold and their valuations. Your business valuation will be based on this and our vast experience in selling businesses. To properly value your business we will require the following financials and information...
  - 2014 Profit & Loss Statement
  - 2014 Balance Sheet
  - 2014 Front Cover (Page 1) of the Federal Tax Return
  - 2014 Owners Discretionary Income
- 2.) We will discuss our valuation with you and together we will agree on the listing price and terms for the sale of your business.
- 3.) Sign our agreement, wire the retainer.

### ***Lisiten Associates takes over the process from here...***

- 4.) Create a confidential teaser (listing) for your business.
- 5.) Approve your listing.
- 6.) Place your ad on all appropriate websites (up to 49 global websites in multiple languages).
- 7.) Send an E-blast and make calls to all existing clients.
- 8.) Receive inquiries and NDA's from prospective buyers.
- 9.) Interview and qualify all prospective buyers to confirm they have both the ability to fund the purchase of the business and the qualifications necessary to successfully run and operate the business. All this is done prior to engaging and dissemination of any confidential materials.
- 10.) Discuss the business at length with qualified and interested buyers.
- 11.) Arrange meetings with prospective buyers.
- 12.) Introduce qualified buyers to sellers.
- 13.) Receive LOI's (Letters of Intent) from qualified buyers.
- 14.) Negotiate a meeting of the minds between buyers and sellers.
- 15.) Arrange and attend a meeting with the landlord for both buyer and seller to get landlords approval on buyer as new tenant.
- 16.) Create the Deal Memo and send to seller, buyer and attorney.
- 17.) Negotiate the Purchase & Sale Agreement.
- 18.) Negotiate the Promissory Note if appropriate.

- 19.) Negotiate the Security Agreement if appropriate.
  - 20.) Receive the signed Purchase & Sale Agreement from buyer.
  - 21.) Receive the signed Promissory Note if appropriate.
  - 22.) Receive the signed Security Agreement if appropriate.
  - 23.) Buyer performs and completes Due Diligence.
  - 24.) Attend Closing.
- 

***Other documents and financials we will need for your file...***

2012 Profit & Loss Statement  
2012 Balance Sheet  
2012 Front cover (Page 1) of the Federal Tax Return

2013 Profit & Loss Statement  
2013 Balance Sheet  
2013 Front cover (Page 1) of the Federal Tax Return

2015 Profit & Loss Statement Year-to-Date  
2015 Balance Sheet Year-to-Date

***Below is a list (some of which will apply to your business and some that might not) that we need to know about to list your business, value your business as accurately as possible and sell it...***

Current value and list of Raw Materials if appropriate  
Current value and list of Inventory / Finished Goods if appropriate

Estimate value of "Work in Progress" at any given time if appropriate

Current List of Furniture, Fixtures and Equipment  
Current List of Furniture, Fixtures and Equipment at Replacement Value  
Copies of any Leases for Equipment if appropriate

Current Appraisal or Appraised Value of the Property if Property is to be included in the sale  
Copy of the Deed to the Property if property is included in the sale  
Copy of the lease if appropriate

Copy of all Agreements with Suppliers, Vendors and Customers if appropriate

Copy of the FDD or the Franchise Agreement if appropriate

Supporting documentation for any Patents, Trademarks or Copyrights to be included in the sale

Sales Brochures, Press Releases, Advertisements, Menus or other Sales Related Materials





## **Owners Discretionary Income, Add Backs and Cash Flow**

In addition to Interest, Depreciation, Amortization, and Owner's Salary, any personal perks that are not regular or essential business expenses critical to the ongoing operation of the business, or ones that you as the new owner must incur, can be added back, as long as they are provable. This can include non-business-related travel, auto, health insurance, and other expenses. However, if the new owner will require a vehicle to operate the business, then certainly it is not an add back. Insofar as health insurance, the choice will be up to the new buyer but it is not imperative that the business covers this expense and it is not an essential operating expense and so the add back is legitimate. With regards to travel, if it is for personal trips, then again, the add back is legitimate. The golden rule is that if the add backs are for legitimate personal expenses not required to operate the business, they can stand; all others are disqualified.

The theory behind the Seller's Discretionary Cash Flow is to take the business's profits plus the owner's salary and benefits and then to add back the non-cash expenses. Then, a multiple, based upon a variety of factors, is applied to this number and a valuation is established.

The Owner Benefit formula to use is:

Pre-Tax Profit + Owner's Salary + Additional Owner Perks + Interest + Depreciation

### **Why Add Back Depreciation?**

Depreciation is an expense that allows a business to deduct a certain amount of money each year from an asset so that its purchase value is reduced by its overall useful life. As an example: if the business buys a \$25,000 truck and its useful life is estimated at 5 years, then each year the company can deduct \$5,000 off its income to lessen its tax burden. However, as you can see, it is not an actual cash transaction. No money is physically leaving the business or changing hands. As well, when you sell your business, it will likely be an asset sale whereby the assets come to the buyer free and clear. The new buyer may be able to "step up" the assets' value and depreciate them again for tax purposes. Therefore, this amount is added back.

### **Why Add Back Interest?**

Each business owner will have separate philosophies for borrowing for the business and how to best use borrowed funds, if necessary at all. Furthermore, in nearly all cases, the seller will pay off the business's loans from their proceeds at selling; therefore, the buyer will have use of these additional funds.



## OWNER'S DISCRETIONARY INCOME CHECKLIST

1) OWNER'S SALARIES INCLUDING TAXES	\$
2) FAMILY AND FRIENDS SALARIES INCLUDING TAXES	\$
3) CORPORATE PROFITS	\$
4) DEPRECIATION	\$
5) AMORTIZATION	\$
6) PERSONAL LOAN PAYMENTS AND INTEREST	\$
7) HEALTH INSURANCE	\$
8) AUTO INSURANCE	\$
9) ANY OTHER PERSONAL INSURANCE	\$
10) PERSONAL VEHICLE CHARGES	\$
11) PERSONAL VEHICLE REPAIRS	\$
12) VEHICLES LEASED FOR FAMILY MEMBERS	\$
13) TELEPHONE AND PERSONAL COMMUNICATIONS	\$
14) ANY OTHER MISCELLANEOUS NON-BUSINESS EXPENSES	\$
15) EMPLOYEES NOT NECESSARY OR OVERPAID	\$
<b><i>This Total Represents Available Cash Flow To A New Owner</i></b>	<b>\$</b>

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## **Business Sale Checklist**

1. List of "Owners Discretionary Income".
2. Three years Profit and Loss Statements.
3. Current Balance Sheet.
4. Federal Income Tax returns for the business.
5. List of Furniture & Fixtures (based on value found on the balance sheet)
6. List of Equipment at replacement value.
7. List of Current Inventory On-Hand at cost.
8. Copy of the Lease and Lease related documents.
9. Copy of all Agreements with Suppliers and Vendors.
10. A Current list of the Loans against the business (amounts and payment schedules)
11. Copies of any Leases for Equipment
12. A Copy of the Franchise Agreement, if applicable.
13. Copies of the Deed of the property, if Real Estate is included in the sale.
14. Copy of Current Real Estate Appraisal, if Real Estate is included in the sale.
15. Supporting Documents for Patents, Trademarks or copyrights.
16. Sales Brochures, Press Releases, Advertisements, Menus or other sales related materials.
17. Be prepared to provide the following Client Lists...
  - a) Total # of Accounts
  - b) Total # of Active Accounts
  - c) Your top 12 Active Accounts with respective Sales Volume

**In addition, a prepared seller should be ready and have appropriate information available to support these likely questions...**

- Are there any Zoning or Local Restrictions that would impact the business?
- Is there any Pending Litigation?
- Are there any License or Permit Requirements necessary with your particular business?
- Are there any Federal or State Requirements or OSHA Issues or Restrictions that could affect your business?
- Any EPA Issues or Restrictions?
- Do you have Key Employees Contracts?
- Can you provide a complete List of Active and Non-Active Accounts and Account History?