



**CERVITUDE**

# Business Acquisition Checklist

## About us

**Cervitude™ Intelligent Relations Consulting** specializes in business brokerage services, leveraging our extensive experience in business planning and consulting to facilitate the development, mergers, acquisitions, and sales of businesses. We provide boardroom-quality Business Plans & Presentations, fair and timely Business Valuations, and on-call consultants to guide you through every stage of the transaction. Our expertise ensures that your business strategies are well-crafted and effectively implemented, making us a trusted partner in achieving your business objectives.

# Business Acquisition Checklist

Prepared by Cervitude LLC

## BEFORE THE PURCHASE

### Preparation & Evaluation Stage

#### 1. Personal & Financial Readiness

- Determine your investment budget and financial capacity
- Check your creditworthiness and pre-qualify for financing (SBA loan, bank loan, private investors, etc.)
- Create or update your resume, business background, and bio (often required for SBA loans or seller review)
- Define your goals: passive income, full-time operations, strategic acquisition, etc.

#### 2. Define Target Criteria

- Industry/niche focus
- Revenue and profit range
- Location (physical or remote)
- Business model preference (brick-and-mortar, digital, service, etc.)
- Size (employee count, customer base)
- Franchised vs. independent

#### 3. Assemble Your Team

- Business Broker or M&A Advisor (if not working directly with seller)
- CPA or financial advisor
- Attorney (business, contracts, due diligence)
- Business plan consultant (for SBA loans or investment partners)
- Lender or SBA loan officer

#### **4. Search and Initial Screening**

- Review CIMs (Confidential Information Memorandums) or listing packages
  - Sign NDAs to receive confidential information
  - Conduct initial evaluation of:
    - Profitability
    - Asking price vs. value
    - Market position and potential
  - Conduct seller interviews
  - Perform initial industry and competition research
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## **DURING THE PURCHASE**

### **Due Diligence & Closing Stage**

#### **5. Make an Offer**

- Submit Letter of Intent (LOI)
- Negotiate price and deal terms

- Draft or review Asset Purchase Agreement (APA) or Stock Purchase Agreement (SPA)
- Secure financing approval or prepare funding source
- Open escrow account (if applicable)

## **6. Conduct Due Diligence**

### **Legal Due Diligence**

- Review business licenses and permits
- Check for pending or past litigation
- Review contracts and leases
- Verify intellectual property ownership
- Validate corporate structure and compliance filings

### **Financial Due Diligence**

- Review last 3-5 years of:
  - Tax returns
  - Profit & loss statements
  - Balance sheets
  - Cash flow statements
- Verify owner add-backs (adjusted EBITDA)
- Assess outstanding debts, liabilities, and liens
- Confirm A/R and A/P status
- Review payroll and employee benefits

### **Operational Due Diligence**

- Analyze customer base and top clients
- Review vendor contracts and pricing
- Inspect physical assets (equipment, furniture, vehicles)
- Evaluate employee roster, roles, and turnover
- Examine marketing and online presence (website, social media, Google reviews)

### **Market & Risk Due Diligence**

- Review competitors and market trends
- Evaluate regulatory or industry changes
- Conduct SWOT analysis
- Assess customer satisfaction and reputation
- Consider transition risk and owner dependency

### **7. Finalize Financing & Legal Docs**

- Confirm loan terms or investor funding
- Complete legal review and finalize APA/SPA
- Agree to transition/training agreement
- Determine holdbacks or seller notes
- Execute Bill of Sale
- Transfer assets/licenses
- Final walk-through or closing checklist
- Close transaction and release funds

## AFTER THE PURCHASE

### Transition, Integration & Growth Stage

#### 8. Transition Planning

- Implement transition plan with seller support
- Retain key employees and meet the team
- Meet with vendors, landlords, and customers
- Update internal systems and access credentials
- Assume control of banking, payroll, insurance, etc.

#### 9. Legal and Administrative

- Update business registration and ownership with the Secretary of State
- Transfer or reapply for business licenses/permits
- Update EIN and tax reporting status (if needed)
- Notify IRS and state/local tax authorities
- Review existing contracts and renegotiate if necessary
- Review and update employee handbooks, vendor agreements, and policies

#### 10. Marketing and Growth

- Announce the acquisition (internally and externally if strategic)
- Update website and branding if needed
- Launch marketing campaign to retain and attract new customers
- Optimize operations and cut inefficiencies

- Implement new KPIs and reporting systems
- Identify expansion or upsell opportunities

## 11. Ongoing Compliance and Performance Review

- Monitor cash flow and review performance monthly
  - Hold employee check-ins and team meetings
  - Continue relationship with advisor team (CPA, attorney, consultants)
  - Create quarterly goals and annual growth strategy
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## Optional Documents & Tools to Prepare

- Business Plan (especially for financing)
- Executive Summary or Investor Deck
- Transition Manual (prepared by seller)
- SOPs (Standard Operating Procedures)
- Legal Entity Structure Map
- Valuation Report (from broker or third party)
- SBA Loan Package or Lending Memorandum