



CASE STUDY · BUYING A BUSINESS

From a complicated idea to a clean share purchase.

How we helped a growing business buy a smaller, complementary company in its own industry, and turned a complicated first proposal into a standard agreement both sides could sign.

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AT A GLANCE

Our client	The buyer, an established business in the same industry
Target	A smaller, complementary manufacturer
Transaction	Purchase of all the shares and the shareholder loan
Structure	Deposit, cash at closing and a seller note
Outcome	Share purchase agreement signed

This is a real deal we handled. We've changed the details to protect our client's privacy.

PART ONE · THE SITUATION

A chance to grow by buying.

Our client saw a way to grow: buy a smaller company that made products its own customers already used, and bring that production in-house.

The owners of the target company were open to selling. The question was how to structure a deal that was fair, financeable and clear.

PART TWO · THE CHALLENGE

A first proposal with too many moving parts.

The first framework for the deal had several phases: an inventory purchase valued by formula, a share value tied to future sales, payments spread monthly over several years, adjustments if sales moved up or down, and a way to unwind the deal if it did not work out.

Every one of those parts was another thing to measure, track and potentially argue about later. For a buyer, that is hard to finance. For a seller, it is hard to rely on.

The more moving parts a deal has, the more ways it can go wrong after closing.

PART THREE · THE PROCESS

How we got to a signed agreement.

We reviewed what the business really sold. Due diligence covered product sales, margins and several years of supplier purchase history.

We simplified the structure. Instead of a phased, performance-linked payout, the deal became a standard purchase of all the shares and the shareholder loan, for a set price less any company debt at closing, with the usual adjustments.

Both sides' lawyers reviewed the agreement. The share purchase agreement went through revisions with the sellers' lawyer before it was signed.

PART FOUR · THE STRUCTURE

How the price was paid.

The agreement reviewed by the sellers' lawyer set out the payment in three parts:

- **A deposit** held in trust by the sellers' lawyer and released at closing.
- **Cash at closing**, more than half of the price.
- **A seller note** for the balance, backed by guarantees.

Any company debt was paid off from the price at closing, so the business came across clean.

A seller note lets the buyer pay over time and gives the seller a stake in a smooth handover.

PART FIVE · THE OUTCOME

A clear agreement, signed.

The share purchase agreement was signed. Our client took on a complementary business with a deal structure both sides understood from the start.

What buyers can take from this.

- **Keep the structure simple.** Every formula and phase is something to measure and argue about later.
 - **Pay for what you can verify.** Base the price on records you have reviewed, not on sales that have not happened yet.
 - **Use a seller note to share risk.** It eases financing and keeps the seller invested in the handover.
 - **Clear the debt at closing.** Pay off company debt from the price so you start with a clean business.
 - **Get the lawyers in early.** A clean draft reviewed by both sides gets to signing faster.
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NOTES

About this case study.

This is a real deal from our client work. We've left out names, places and numbers, and changed some details, so no one involved can be identified. It is general information, not legal, tax or financial advice.

Thinking about buying a business? Talk to our team.

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Past results are not a guarantee of future results. Every business and every sale is different.