



CASE STUDY · SELLING A SERVICES BUSINESS

The letter said one thing. The first draft said another.

How the owners of an established commercial services business sold their company, and why checking the purchase agreement against the signed letter of intent mattered.

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AT A GLANCE

Business	An established, equipment-heavy commercial services business
Transaction	Share sale
Interest	Several expressions of interest from different buyers
Structure	Most of the price in cash at closing, the balance as a seller note
Outcome	The sale closed

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

PART ONE · THE SITUATION

A profitable business with a lot of equipment.

The company had served commercial customers for many years. It was profitable, ran a sizeable fleet of vehicles and equipment, and had a general manager running day-to-day operations.

The owners had decided it was time to sell. They wanted a fair value, a buyer who would keep the business running well, and terms they could rely on after closing.

PART TWO · THE CHALLENGE

Two things a buyer would look at hard.

The equipment. In an equipment-heavy business, buyers study what it will cost to keep the fleet running and replace it over time. That spending comes straight out of the cash flow they are paying for.

How the price gets paid. Part of the price was going to be paid over time through a seller note, ranking behind the buyer's bank. When part of your money is paid later, the fine print of that note decides how safe it is.

When part of your price is paid later, the terms of the note matter as much as the number.

PART THREE · THE PROCESS

How the sale was run.

We prepared the numbers first. We built a financial overview and normalized the earnings so buyers could see what the business really earns. That became the basis of the valuation.

We went to market confidentially. Qualified buyers received a confidential information memorandum under a non-disclosure agreement. Several expressions of interest came in from

different kinds of buyers.

We negotiated the letter of intent. The chosen buyer's letter of intent went through several rounds of revisions before both sides signed. The buyer placed a refundable deposit in trust.

We managed due diligence. A shared tracker and timeline kept requests moving. The buyer reviewed the financial records with its own accountants, studied what the fleet would need in future spending, and went through the insurance claims history, the equipment list and the corporate records.

PART FOUR · THE STRUCTURE

What the signed letter of intent said.

The signed letter of intent set out a clear deal:

- **Most of the price in cash at closing.**
 - **The balance as a seller note** with interest, ranking behind the buyer's bank, secured on the business's assets, and with protection for the sellers if it was not repaid on time.
 - **A working capital target** with a true-up after closing.
 - **Existing equipment loans** taken over by the buyer rather than paid off by the sellers.
 - **A transition period** for the owner, and the general manager staying on.
 - **Non-competition and non-solicitation** commitments from the sellers.
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PART FIVE · THE CATCH

The first draft drifted.

When the buyer's first draft of the share purchase agreement arrived, the headline price, the cash and note split and the working capital target all matched the letter of intent. The terms of the seller note did not.

The draft removed the sellers' protection if the note was not repaid on time, let the buyer defer note payments if it had trouble with its bank, and added a clause that could cancel the note if key people left or underperformed. It also did not mention the deposit or set a closing deadline.

We compared the draft to the letter of intent line by line and gave the sellers a plain summary of every difference, with what to ask for: attach the agreed note terms to the agreement, limit any cancellation of the note to departures for cause, deal with the deposit, and set a closing timeline.

The price matched. The protections did not. That is why you read the whole agreement against what was agreed.

PART SIX · THE OUTCOME

The sale closed.

The sale closed, with most of the price paid at closing. The sellers went into the final negotiation knowing exactly where the draft agreement differed from what they had signed up for, and what to push for.

PART SEVEN · LESSONS

What owners can take from this.

- **The letter of intent is your reference point.** Keep it close when the purchase agreement arrives, and compare every term.
 - **Read the seller note as carefully as the price.** Interest, timing, security, what happens if payments stop and what can cancel the note all decide whether you get paid.
 - **Expect scrutiny of your equipment.** Keep a clean equipment list and a record of what you spend to maintain and replace it.
 - **Run diligence with a tracker.** A shared list of requests and dates keeps a deal moving.
 - **Watch for new conditions.** A clause that ties your money to people staying in their jobs is a new risk. Make sure it was agreed, not added.
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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 selling? Start by seeing where your business stands.

[See where your business stands →](#)

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