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An Alphabet of Potential Skeletons in the Sellers Closet

A ccounts Receivable that are uncollectible.

B ad publicity, and/or bad reports at the Better Business Bureau, the Chamber of Commerce, etc.

C redit problems with banks and/or suppliers.

D ownward business trends for this business in particular.

E xpiring patents or licenses federal and/or state law violations that will require a major expense to correct.

F ederal and/or state law violations requiring major expense to correct.

G overnment suspension or revocation of license for regulation violations.

H istorical downward business trends in the seller's particular industry.

I ncreasing difficulty or expense in getting raw materials, products or services.

J ob, not a business. Owner is the major/only asset.

K ey employee(s) leaving or competing with business.

L itigation, legal claims, encumbrances and liens against the business.

M ajor new competition being planned (e.g. new shopping center, mega store, etc.)

N on-assignable or non-renewable leases.

O bsolete machinery and/or overvalued inventory.

P roduct obsolescence.

Q uiet. There are no clients, customers or sales revenues

R ent to be significantly increased (if leased facility).

S eller's personal affairs that may affect the ability to sell the business (e.g., divorce)

T axes overdue or unpaid (e.g., income, sales, FICA).

U nreported cash revenues as a high percentage of gross receipts.

V iolations or noncompliance with environmental and/or safety requirements.

W ithdrawal of territorial rights from supplier or franchisor.

eX tremely large increase in insurance or other required expense.

Y et another non-performing relative on the payroll or cash only vendor at the back door.

Z oning violations (e.g., unapproved existing variances) or impending zoning changes.