Twitter Thread by Post Close



Post Close
@dealpostclose



I'm in the later stages of purchasing a niche sub-contractor in the SE US. I'm now working with the sellers on the nitty gritty handover items that need to be transitioned. Here is a summary of my working list:

Insurance: (Staying with current provider)
- auto coverage on fleet of 40+ vehicles.
- General liability policy.
- Workers Comp policy.
- Bonding, done on a job by job basis, for a minority of their work. (I got a backup quote from another bonding agent for a fall back).

Benefits:
- I'm doing an asset purchase, so retirement benefits will likely have to start fresh under new entity. Will keep the same provider.
- Health Insurance will remain with incumbent, but have to migrate and re-enroll everyone under new LLC.
- Exhaustive list of emp perks.

Payroll:
- Currently done in-house, and paid weekly. Will keep the same, but need to get everything lined up based on timing of close and bank account. (See below).

Bank Accounts:
- Goal is to keep the same bank account for now, to reduce number of changes- less to go wrong. Built in a true-up with sellers for any payments post-close that shouldn't have carried over. MAKE SURE to change authorized signers.

Vehicle Titles:
- This is a bitch, but has to be done with an asset purchase. Manually have to fill out a transfer of title form for each vehicle (40+), and go take them to the DMV. $350/vehicle transfer fee. That's $14,000 of closing related costs. Sellers never want to pay it.

Phones:
- Cell phones shouldn't be hard, but it usually is. Migrating to the new LLC and keeping active service without hiccups. $4k/month in cell service doesn't get you to the front of customer service line.

- Same with landline, usually easier.

Equipment Leases:
- Most of the equipment is owned free and clear, but some stuff has leases that need to be assigned. This can come up with computer or speciality equipment (Fork-lifts, printers/copiers, cleaning service, etc.)

Software/Subscriptions:
- Can be a good time to reset things, but don't risk cutting too much too soon and disrupting ops.
- CRM, Payroll, Estimating/Invoicing, office supplies, fleet management, service contracts, memberships to trade assoc's- the list goes on. Varies by company

Licensure:
- At the very least City/County business license.
- (If applicable) Make sure sales tax has been paid properly by seller, and that you set it up right for yourself.
- Speciality licenses, you'd be amazed what is and isn't regulated. Stories for another thread.

Intellectual Property:
- If this is important for the company, then it will be a big deal as part of the purchase agreement.
- BUT, I've seen some crazy stuff- like a seller trying to continue to use the company logo after he sold the company.

Employee Roster:
- I have bits and pieces of this information from DD, but I need a master document that's more up to date and exhaustive.
- Names, positions, tenure, current comp and any changes forthcoming. Details about perks- cell phone, vehicles, cash, vacations, etc.

Facility Lease:
- I'm leasing back from my sellers with an option to buy and ROFR.
- If leasing from a 3rd party, make sure new lease is a counterpart to purchase, or assignment of current lease.
- Make sure any TIA, additional options, rent escalation are clear to all parties.

Facility Lease (Con't)
- Just because the seller tells you that the landlord is going to extend the lease, or pay for the parking lot to be repaved, doesn't mean that he will.

Any other detailed transfer items that are on your list that I'm missing?

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