Pre-Purchase Check

Companion download for LoftyBiz 157 — Before and After You Buy: Due Diligence and the First 90 Days

Write your five risk rules before you look at the numbers. Then check the bank against the report, look at cancellations and churn by month, list the top customers, and (if it is software) check the code and the rights. End with one question you will ask the seller this week.

1. Your pre-purchase check

Line	Prompt	Your notes
My risk rules	Write the five rules before you fall in love with a deal.	
Bank vs. report	Do bank deposits match the report the seller showed you?	
Churn by month	Look at cancellations, and at churn by sign-up month, not only the total.	
Top customers	Who are the top customers, and how much of sales does the largest one represent?	
Code and rights	If it is software: who built it, who owns it, and what would it take to keep it running?	
One question	One question you will ask the seller this week.	

2. Five risk rules (write these before you look at a deal)

Rule	What it means	Your version
Keep an income	A slow month should not put your household at risk.	
No fifty-fifty partnerships	Equal control often means nobody can break a tie.	
Buy healthy, not broken	Steady profit is a better first purchase than a turnaround.	
Never risk too much	Do not risk more than a fifth of everything you own on one deal.	
Keep personal guarantees small	Use part seller financing where you can, so the seller is paid over time.	

Write the seller's routines as SOPs in Systex, our own product, so the new team can follow them after the seller leaves. You can find Systex at loftybiz.net. Click the link in the description.

3. After you buy: a calm 30-60-90

Days 1 to 30: listen before you change anything. Days 31 to 60: find more of the customers who cannot live without you. Days 61 to 90: raise the average order, and keep enough cash in the bank to cover six months of costs. A slow month should not sink the business while you learn it.

These are examples, not promises. Figures in the video are rough examples, not targets or a forecast. This is general business education, not financial, legal or tax advice. Results vary.

Companion download for LoftyBiz 157 — Before and After You Buy: Due Diligence and the First 90 Days.