



BAILEY ROUTZONG

TOP 10 QUESTIONS

SCHOOL OWNERS SHOULD ASK THEMSELVES WHEN DEALING WITH A SINGLE BUYER PROSPECT



- 1 When selling any high-value asset, why would an owner deal with only one prospective buyer versus obtaining several competitive bids at one time?
- 2 How would school owners know how a prospective buyer would calculate the value of their business and real estate and if such value would be consistent with recent similar industry transactions?
- 3 How would school owners have an in-depth understanding of a prospective buyer's financial stability and track record of performance in acquiring schools?
- 4 How can owners, without this type of transaction experience, expect themselves to manage a complex transaction process to a certain and timely closing?
- 5 How would school owners know the value of their business and related real estate assets in today's rapidly changing industry marketplace?
- 6 Bailey Routzong knows what the major industry buyers have paid in similar and recent transactions. Which school owner is aware of this?
- 7 How can school owners be expected to know how to leverage maximum value for their school real estate assets (which typically represents approximately 70% of the total transaction value)?
- 8 How can school owners (or their legal counsel) reasonably expect themselves to negotiate the business terms on a level playing field with these buyer companies which work these type of industry transactions daily?
- 9 Bailey Routzong's typical owner transaction value is several million dollars. If those owners found themselves involved in litigation that exposed them to potential loss of several million dollars, would those owners attempt to represent themselves in that lawsuit and hearings before the court?
- 10 Buyers will retain third-party major accounting firms to perform a "Quality of Earnings" examination to conclude what the school(s)' "adjusted annual earnings" are based on the buyer's cost of operating the school. This includes corporate overhead charges and expanded employee benefit costs that most family-owned school businesses do not have. How would an owner know what the industry standards are?