The first hour with a new deal: what to ask for, what to look for.

A broker sends you a listing. Before you fall in love, before you spend a dollar, run this. Fifteen minutes, and you will know whether the deal deserves your next month.

ASK FOR THESE FIVE THINGS, IN THIS ORDER

- [ ] **Three years of business tax returns**
  Not the broker's summary. The returns are what the seller told the government, which makes them the hardest numbers to inflate. **If these are slow to appear, that is your first data point.**
- [ ] **This year's numbers so far**
  Profit and loss plus balance sheet, current. A business can look great in the tax years and be sliding right now.
- [ ] **The SDE calculation, line by line**
  Ask exactly which expenses were added back and why. "Owner benefit" that cannot be itemized is not earnings, it is hope.
- [ ] **Revenue by customer, top ten**
  One customer over 20% of revenue changes the price you should pay. You are looking for who could leave and how much would go with them.
- [ ] **The lease, and who signs the next one**
  A ten-year loan against a two-year lease is a problem you inherit at closing.

THEN LOOK FOR THESE FIVE THINGS IN WHAT ARRIVES

- [ ] **Does the profit trend hold, or is one year carrying it?**
  Three flat years beat one great year and two weak ones at the same average.
- [ ] **Does the owner do a job nobody else can do?**
  If the owner is the top salesperson, the licensed one, or the only relationship, you are buying their job, not their business.
- [ ] **Are the addbacks reasonable to a stranger?**
  A vehicle and a phone, fine. A family salary for work nobody did, a lender will strike it, and so should you.
- [ ] **Has anything been deferred?**
  Equipment, maintenance, software, staff pay. A milked business is profitable right up until the bill arrives in your name.
- [ ] **Does the asking price survive a loan payment?**
  Earnings, minus a living wage for you, divided by a year of payments. Under about 1.25 and most lenders get uncomfortable. Run it before you get attached.

THE HONEST USE OF THIS PAGE

Most deals fail one of these badly, and finding out in the first hour is the cheapest diligence you will ever do. Walking away with your savings intact is a win, not a failure.

Write it down while it is fresh.

Business: ______________________________ **Asking price:** ______________

What it truly earns its owner (SDE): ______________ **Date reviewed:** ______________

WHAT DID NOT ADD UP, AND WHAT I STILL NEED TO ASK

MY VERDICT TODAY: PURSUE, PARK, OR PASS, AND WHY

IF THE DEAL SURVIVED THIS PAGE

Two questions come next, in this order. **Can I afford it?** Earnings minus your salary, against a year of loan payments; that ratio decides whether a lender can say yes. **Am I fundable?** Your credit, your cash, and your story, scored before a bank pulls your file.

ClarIQ has small, self-serve tools for both, and a free 30-minute call if you would rather just talk it through. Everything lives at **clariqadvisory.com/sba**, and the call is genuinely free: **hello@clariqadvisory.com**.

WHEN A DEAL GETS REAL

Once you have a signed offer and full financials, a written deal teardown reads the structure the way a lender's committee will, before you spend your diligence budget. That is the step up from self-serve, and it is at clariqadvisory.com/sba.

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