

- 10 steps to start your business
- Plan your business
- Launch your business
- Manage your business
- Grow your business**
 - Get more funding
 - Expand to new locations
 - Merge and acquire businesses**
 - Become a federal contractor
 - Export products
 - Women-owned businesses
 - Native American-owned businesses
 - Veteran-owned businesses
 - Military spouse businesses
 - LGBTQ-owned businesses
 - Rural businesses
 - Minority-owned businesses

Merge and acquire businesses

You can grow your business by buying or merging with a smaller business. The process is similar to starting a new business, but you need to take extra steps to protect your existing business.

Content

- [Differences between mergers and acquisitions](#)
- [Calculate how much the other business is worth](#)
- [Make a merger or acquisition agreement](#)
- [Transfer business ownership](#)

Differences between mergers and acquisitions

Mergers and acquisitions are similar but have a few major differences.

Mergers combine two separate businesses into a single new legal entity. True mergers are uncommon because it's rare for two equal companies to mutually benefit from combining resources and staff, including their CEOs.

Unlike mergers, acquisitions do not result in the formation of a new company. Instead, the purchased company gets fully absorbed by the acquiring company. Sometimes this means the acquired company gets liquidated. Acquiring a business is similar to [buying an existing business or franchise](#).

Merge



Acquire



Calculate how much the other business is worth

Conduct a business valuation to determine the value of the other business before you agree to a sale. This is essentially the same process you'd go through to figure out how much your own business is worth before [closing or selling your business](#).

There are several ways to value a business, so do extensive research on methods if you choose to do it on your own. You might want to hire a qualified business appraiser. Once you know how much the other business is worth, you'll know whether you can afford it outright or if you need to [get more funding](#).

Make a merger or acquisition agreement

You must prepare a sales agreement to move forward with the sale or merger. This document allows for the purchase of assets or stock of a corporation. An attorney should review it to make sure it's accurate and comprehensive.

List all inventory in the sale along with names of the businesses and owners. Fill in the relevant background details. Determine how the business will be run prior to close and the level of access each company will have to financial information. Note all adjustments, broker fees, and any other aspects relevant to the terms of agreement.

Don't leave out any assets and liabilities, or this can create problems even after the sale has been finalized.

Transfer business ownership

The terms of your agreement will dictate which steps you must take to transfer ownership, and what that ownership will look like. It's widely recommended to have an attorney help with this step.

After you've completed the acquisition or merger, you'll need to [register these changes with the state](#), depending on state law and [business structure](#).

If the merger requires you to dissolve your original company and create a new one, you might also need to [open new business bank accounts](#), get new [state and federal tax IDs](#), re-apply for [licenses and permits](#), and take steps to [legally close your old business](#).

Need help? Get free business counseling [Find counselors](#)

Last updated May 26, 2023

[Return to top](#)

About SBA

- [Contact SBA](#)
- [Locations](#)
- [Upcoming events](#)
- [Newsroom](#)
- [SBA blog](#)
- [Leadership team](#)

About the site

- [Site map](#)
- [Privacy policy](#)
- [Linking policy](#)
- [Plain language](#)
- [Accessibility](#)
- [Disclaimers](#)

Open government

- [Freedom of Information Act](#)
- [No Fear Act](#)
- [Open data sources](#)
- [Policies and guidance](#)
- [Budget and performance](#)
- [Regulations.gov](#)

Oversight

- [Inspector General](#)
- [Advocacy](#)
- [Hearings and appeals](#)
- [Ombudsman](#)
- [Fraud and identity theft](#)
- [WhiteHouse.gov](#)
- [USA.gov](#)

Sign up

Receive information about upcoming SBA events, news alerts, and program updates.

** indicates a required field*

Email *

ZIP Code *

[Subscribe to SBA emails](#)

Your information will only be used in accordance with our [website privacy policy](#).