Deal Structure Template

The anatomy of a clean acquisition, and the five numbers to compare offers on

Most founders selling an ecommerce business have never seen a purchase agreement, which makes the first draft feel like something to be survived rather than negotiated. It is not complicated. A clean small-business acquisition has eight moving parts, and once you can name them you can tell the difference between a term that is standard and a term that is being tried on.

This describes an asset purchase, which is how most ecommerce deals below eight figures are done. A share purchase moves the whole company including its history and liabilities, and is usually driven by tax rather than preference. Ask your accountant which applies before you agree anything.

The eight parts

01 Heads of terms

A short document, usually two to four pages, setting out price, structure, timetable and exclusivity. Mostly not legally binding, except the confidentiality and exclusivity clauses, which are. Its real job is to make sure both sides mean the same thing before anyone pays a solicitor.

Watch for. Exclusivity with no end date. Thirty to sixty days is normal. Open-ended exclusivity takes your business off the market for as long as the buyer feels like.

02 The consideration, broken into its parts

The headline price is rarely the number you receive on the day. It splits into cash at completion, an amount held in escrow for a period, and sometimes deferred payments or an earnout. Compare offers on cash at completion first and treat everything else as a probability rather than a number.

Watch for. A large headline built mostly from deferred elements. An offer of 100 with 60 in cash beats an offer of 130 with 40 in cash and 90 contingent on next year going well.

A worked example of the same deal expressed three ways

Structure	What the seller actually receives
All cash	The full amount on completion, less anything held in escrow. Simplest, fastest, and usually the lowest headline number of the three.
Cash plus escrow	Most of it on completion, a slice held by a third party for six to twelve months against warranty claims, released automatically if nothing arises. This is the normal shape.
Cash plus earnout	A portion on completion and the rest tied to performance after you have handed over. Highest headline, least certain. Only worth taking if you keep real control of what it is measured on.

03 Escrow

An independent third party, either a specialist escrow provider or a solicitor's client account, holds funds so that neither side has to trust the other on the day. Typically 5 to 15 percent of the price for six to twelve months, and it exists to cover warranty claims rather than as a general reserve.

Watch for. No escrow at all, which puts all the completion risk on whoever moves first. Also an escrow that is unusually large or unusually long, which is deferred consideration wearing a different name.

04 Warranties and indemnities

Warranties are statements you make about the business: the accounts are accurate, you own the brand, there are no undisclosed claims. If one turns out to be untrue the buyer can claim. Indemnities cover a specific known risk, pound for pound.

Watch for. Unlimited liability, or a cap set above the purchase price. A cap at or below what you actually received is normal, with a time limit of twelve to twenty-four months. And remember disclosure is your protection: anything you write down cannot later be claimed against you.

05 Stock and working capital

In an asset deal, inventory is usually bought on top of the business price, valued at cost on the day, counted jointly. Agree in advance how obsolete or slow-moving stock is treated, because that is the argument that happens otherwise.

Watch for. 'Stock at valuation' with no definition of what valuation means. Write down the method, who counts, and what happens to anything over twelve months old.

06 Transition and handover

A defined period after completion where you help the new owner take over: supplier introductions, platform access, the reasoning behind decisions that are not written down anywhere. Usually thirty to ninety days, part-time.

Watch for. An open-ended commitment, or one with no hours specified. Put a number on it. 'Reasonable assistance' means whatever the buyer decides it means later.

07 Restrictive covenants

You agree not to start a directly competing business or approach the customers, staff and suppliers for a period. Reasonable and expected. Typically twelve to twenty-four months and limited to what you actually sold.

Watch for. Covenants covering whole industries, or every country, or so long that they stop you working at all. In most jurisdictions an unreasonably broad covenant is unenforceable, but you do not want to be finding that out in a courtroom.

08 Completion mechanics

The order things move on the day, and it matters. Funds released, then domain, then store and payment processors, then advertising accounts and pixels, then supplier introductions, then inventory. Each step confirmed before the next.

Watch for. Being asked to transfer the domain or the store before funds are secured. Once the domain moves your leverage is gone. Assets should never move ahead of money.

A realistic timetable for a clean deal

Stage	What happens
Week 1	First conversation, mutual NDA, initial financial pack. You verify the buyer, the buyer forms a view on the business.
Week 2	Indicative offer and heads of terms. Price, structure and timetable agreed in principle. Exclusivity starts here, with an end date.
Weeks 3 to 5	Diligence against a written list. Accounts, platform access, supplier and inventory verification. This is where preparation pays for itself.
Weeks 5 to 7	Purchase agreement drafted and negotiated. Disclosure letter written, which is the document that protects you against your own warranties.
Week 8	Signing and completion. Funds to escrow, assets transferred in order, escrow released to you on confirmation.

The five numbers to compare between offers

1. CASH AT COMPLETION

The amount in your account that week. The only figure that is certain, and the one to rank offers on.

2. AMOUNT AND LENGTH OF ESCROW

How much is held back, for how long, and what releases it.

3. CONTINGENT CONSIDERATION

Everything dependent on future performance, and specifically which of its drivers you still control.

4. LIABILITY CAP AND TIME LIMIT

What you could still owe after the deal, and for how long you carry it.

5. YOUR TIME AFTER COMPLETION

Days of handover, over what period. This is real cost and it belongs in the comparison.

Two offers with the same headline can differ enormously across those five lines. Put every offer you receive into the same five rows before you decide, including the one you are most tempted by.

VEKTOR acquires established ecommerce brands directly from founders. This guide is general information, not legal, tax or financial advice. Take your own advice before signing anything.