



Buying a Business - 10 Things It Takes

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Despite all of our talk about the importance of getting more listings, we don't want to forget the buyer. Many of the brokers we have talked to recently say that buyers don't seem to be an issue. However, having too many buyers can take time away from the listing process. Since statistics indicate that only about one out of 15 buyers actually buys, you need to be able to separate the serious buyer from the others. It is probably not a good idea to hand the following list of ten items to a buyer and ask him or her to read it and respond to them. However, it is important that you discover a buyer's reaction to the following. If you include these points in your conversation with the buyer, they will offer a good indicator of whether he or she is really a buyer.

1. People who are serious about being in business for themselves have to realize that they will really be the proverbial 'chief cook and bottle washer.' Too many prospective business owners want to be the Chief Executive Officer of the business. Being the CEO of your own business doesn't mean that you sit behind the big desk and plan on how to increase the price of the business's stock. It means that you will be changing light bulbs, emptying the trash, stocking shelves, and everything else that needs to be done in running a business. That's what it takes to own and manage one's own business.

2. Prospective business buyers must understand that they will be buying someone else's "baby." A business that another person has built, nurtured and developed. A business in which the owner has spent many, many hours and one that has supported the owner and his or her family. It may be important to the present owner that he or she feels comfortable with a potential new owner. The buyer should consider who he or she is in the eyes of a prospective seller.

3. There is the famous line from a mid 1990's hit movie that goes, "Show me the money." Buyers shouldn't begin the business-buying process unless they have the necessary funds or know exactly where they will come from.

4. Buyers think that when businesses are enjoying good times -- they are overpriced. When economic times aren't so good -- they want to buy a business for way less than it is worth: works both ways. There is a right time to buy and a right time to sell -- when it is right for both the buyer and the seller is the right time.

5. There are no sure things. There is always a risk in buying a business. If a buyer is looking for a sure thing -- buying a business is not it.

6. Owning one's own business is a big responsibility. There are usually employees to consider, customers or clients to attend to - and suppliers and vendors to work with. There is also the financial responsibility.

7. Buying the right business generally takes time. Patience is required. However, one can't be a procrastinator - when the right business comes along, one must be able to act.

8. Those who are considering buying a business should have a viable reason for doing so, should have discussed it with those who are involved, and have a willingness to do what it takes.

9. Too many potential business buyers don't have the courage to make that "leap of faith" necessary to actually pull the trigger and purchase a business. Many of them get to the edge, but can't make the leap. Buying one's own business is a serious step - if you can't make the jump, no sense going any further. Unfortunately, many don't realize they can't until the process is about to begin.

10. Buyers -- and sellers too -- should seek professional help. The professional business broker has been there and can assist in making the transition a lot easier.