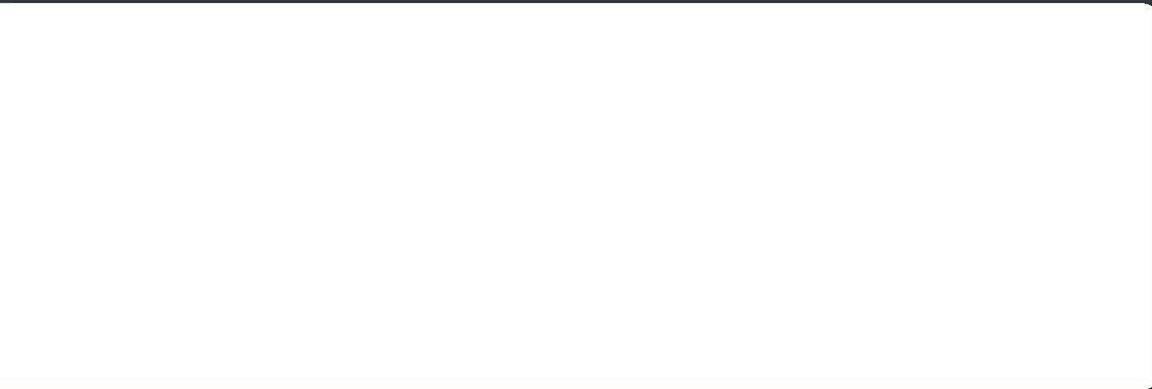


# TIPS FOR BUYING A BUSINESS



# TIPS FOR BUYING A BUSINESS

- 1 MAKE A COMMITMENT THAT YOU WILL DEFINITELY BUY A BUSINESS
- 2 GIVE YOURSELF A DEADLINE TO HAVE BOUGHT A BUSINESS
- 3 DON'T LOOK FOR THE 'PERFECT BUSINESS' IT DOESN'T EXIST



## TIP #1

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### DETERMINE THE TYPE OF LIFE AND INCOME YOU WANT

- When searching for the right business for you, start by determining the minimum amount of income you are willing to earn.
- If a business you are interested in cannot deliver that income, cross it off your list.
- Next, decide how much time you want to spend on the business. Narrow down your list even further by removing the businesses that cannot deliver the lifestyle that you want.

## TIP #2

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### UNDERSTAND THAT BUYING IS LESS RISKY THAN STARTING FROM SCRATCH

- Buying an existing business means receiving an operation that is already creating cash flow.
- Reduce your risk when trying to choose a business by asking yourself these simple questions and writing them down:
  - What am I good at doing?
  - What experience do I have?
  - What is my work ethic like?
- What do I enjoy doing? i.e.. am I a people person, social person or am I more introverted. Am I a leader, a doer, organizer or do I need support being organized. Am I creative and innovative or am I more mechanical and methodical. Take a test: <https://www.16personalities.com/free-personality-test>

## TIP #3

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### GET CLOSE TO A BUSINESS BROKER

- There are a lot of choices you face while deciding what business to buy.
- Business brokers know their market inside and out, offer professional insights; help you narrow down the list of businesses to buy, and guide you through the whole buying process.
- They also have access to silent listings, a type of listing that has no marketing program and is only presented to suitable buyers.

## TIP #4

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### CREATE A DREAM TEAM WITH YOUR BUSINESS BROKER

- Your business broker can recommend experts in law, business accounting and finance to help ensure you get the best deal and the most efficient business transfer possible.

## TIP #5

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### CONDUCT A THOROUGH AND OBJECTIVE INVESTIGATION

- Once you have found a business you would like to buy, it is imperative you research important information about the business before starting negotiations.
- Be prepared to sign a confidentiality agreement, ensuring you will only use the information provided to you to decide whether or not you want to purchase the business.
- Your Finn broker can help you to understand contracts and leases, financial statements, tax returns and other important documents used to operate the business.

## TIP #6

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### DETERMINE A FAIR PRICE

- Determining a price is the most emotionally charged part of the whole buying process.
- The seller will have one idea of how much the business is worth, while you, the buyer, will typically have another.
- Many factors go into determining a price, but usually the party who is most prepared has the most leverage.
- Your business broker will prepare a Business Profile Document and Due Diligence Package for the business you are interested in buying to help you determine a fair price.

## TIP #7

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### HAVE A PLAN

- Since businesses already have an established brand and reputation, you must come to the table with a set plan to continue the success of the business.
- Demonstrate how you plan to grow the business by planning this preparation ahead of time and continuing your research.
- Developing a business plan once you have found your ideal business using our Business Profile and Due Diligence can help you when applying for finance and will assist you to prepare for taking over your business once purchased.
- You can use one of our business plan templates.

## TIP #8

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### BUY AT A FAIR PRICE

- Business appraisals are a mixture of art and science
- While it might seem difficult, there are ways of estimating a fair price.
- If you would like the expert in your corner to help you accomplish this, then the Finn Buyers Agent Service will help you along the way.
- The Finn Buyers Agent Service will help you review the business information in order to highlight your negotiation opportunities.
- If you choose to go it alone, then this process could prove to be much more difficult.

## TIP #9

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### GETTING FINANCE

- Use a professional commercial finance broker who will guide you through the financing process.
- They will prepare your application and find the best deal for you.
- Approaching your local bank directly about business finance can often result in an unnecessary knock-back
- Ask us for the best way to get finance from the major banks.
- Allow for a 20 % drop in sales.
- Have 30k minimum spare to cover any risks for cash flow whilst getting started in your new business.

## TIP #10

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### START THE TRANSITION PROCESS BEFORE YOU TAKE OVER

- To ensure a smooth transition, start preparing for the handover in advance.
- Take the time to talk to employees, customers and suppliers and verify you are properly trained in operating the business.



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