

Buying A Business? (Learning How To Drive)

"Our Business is Selling Businesses" [Dailey Resources, Inc]

During the many years we have been offering "Businesses For Sale", we have determined one major reason why potential buyers get "turned off" and never purchase a business. That reason is the complexity and number of critical steps involved to get to the day of closing.

According to studies performed by Business Brokerage Press and others in the Mergers and Acquisitions profession, nine out of ten people who begin the search to buy a business, never complete a transaction. Other studies show that only one of ten of those who are searching ever respond to executing a Confidentiality Agreement. Further, those who actually do look at a business for sale never purchase that business but rather, choose a different business; Strange but true. Perhaps the biggest reason for this statistic is that most people simply do not realize how much is involved and have not qualified themselves as to which business would be a match for them.

Another major challenge is that most potential purchasers are "first time buyers". They are faced with having to make critical decisions, one after the other, and they become frustrated, overwhelmed and disenchanted to the point that they give up.

Looking Under The Hood: Remember, in order to "look under the hood" of any business, you must execute a Non Disclosure Agreement, (NDA) or most commonly called: Confidentiality Agreement" (CA). Executing such an Agreement binds you to the confidentiality of the information you receive are seeking to determine your ability and the viability of the business you may want to purchase.

Additionally, be ready to provide a personal Resume and a Personal Financial Statement as these documents will be required by the Intermediary and the Seller before any on-site or phone discussions with a Seller can occur. After all, if you are not qualified either experience wise or financially to purchase the business in question, it's a waste of both your time and the Seller's.

Starting Your Engine: It is estimated that 90% + of all searches by buyers is now conducted via the Internet. Looking at businesses is easy. There are many web sites that specialize in offering abbreviated listings of available businesses that are being represented by an Intermediary or Broker. You could spend years looking at these offerings and soon you would get yourself in a tail-spin search and never get to the point of actually entering into the buying process.

Learning To Drive: Unless you are experienced in buying businesses, it is important that you either educate yourself through hours and hours of research and talking to other successful business buyers, or..... Look for the certified professional who represents the sale of businesses on a full time basis to assist you in finding a suitable business and walk you through the buying process.

Don't fool yourself one minute into thinking that your attorney or CPA can make these decisions for you, Although it is extremely important to find quality advice from professionals that specialize in business transactions, It is essential that you to take the time to learn how to walk the path to success. My thoughts are that you first think about what you are investing; Your time, your savings, your ideas. Then ask yourself the question; How do I go about purchasing the right business?

Can you Afford The Fuel: First and foremost, you must determine the limits of how much of your own cash you are prepared to invest. If you are going to “leverage” your purchase instead of paying all cash, the “rule of thumb” for almost all business lenders is that the purchaser have 20% of the Purchase Price in liquidity. You can forget any family members who may have promised that they will “invest in you”. When the time comes that you rely on them and ask for the “investment”, the odds are that they can’t, won’t or some other non-reason. Most importantly, DO NOT rely on your personal Banker that tells you that he/she will finance a business for you! Ninety nine times out of a hundred, such statements are pure rhetoric ! (Unless you have a portfolio of assets that match your loan) When you have targeted a business to purchase, NOT all Lenders are the same. A qualified Intermediary knows which lenders to contact for business acquisitions of that particular type

Instructor - Do You Need One?: ABSOLUTELY ! ... A Certified Mergers and Acquisitions Intermediary and Certified Business Intermediaries are uniquely qualified and will help you throughout the process. A certified Intermediary can, and will:

- provide you with a well researched database of businesses for sale (Or in some cases represent you and find you one that fits your unique requirements)
- provide you with Confidential Business Reviews and Financials of the business you want to consider
- share with you business valuation / pricing process #101
- provide you with comparable business valuations
- provide you with other tried and trued “transactional” professionals to represent you in the buying process (Lenders, CPA’s Attorneys, Financial Planners, Insurance)
- keep the deal moving along when an intermediary is key to success in overcoming objections or obstacles
- facilitate that all pertinent documents are provided for the closing day

Six Major Steps To Successful Parallel Parking:

1. Set your time-table to purchase a business. (Don’t just look for one)
2. Prepare your own personal documentation in anticipation of being asked to provide it in order to look at a business in depth.
3. Dedicate the time to follow through on your inquiries and look for quality, expertise and willingness of those you encounter to help you with your search.
4. Determine and write down your strengths and weaknesses in owning, managing, marketing, human resources and yes even your health as to how all of these things will affect your ability to own and operate a successful business.
5. Seek professional advice from a qualified Intermediary who will also provide other professionals such as “Transactional CPA’s” and “Transactional Attorneys” .
6. Unless you have prior experience in buying businesses, then take the time to seek out those who are qualified to help you learn as much as you can about the process. If you are going to invest in your future.... There are NO dumb questions !

Call an Intermediary today at Dailey Resources, Inc. The consultation is FREE and it will launch you safely upon your journey to purchase the business of your dreams.

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