



## Secrets of Buying the Right Business Under the Right Terms & Conditions

### Are You Ready to Take Control of Your Destiny?

Is owning your own business in your future? Does being your own boss sound appealing? Are you ready to turn your dreams into reality while creating your own security and financial independence? Then congratulations – you're in good company.

Successful business ownership provides security, lifestyle choices and liberties that typically only come from being your own boss. Statistics indicate that owning your own business is the fastest way to financial independence, while also creating the lifestyle and liberty that goes with successful business ownership. In fact, over 90% of self-made millionaires made their fortunes as business owners. Perhaps it's time for you to become a millionaire too...

### Your Shortcut to Entrepreneurial Success

Buying an established business truly is a shortcut to entrepreneurial success because it affords many advantages over starting a business; it also has a much higher success. However, the decision to buy a business is not one to be taken lightly.

Buying a business involves careful planning and thorough consideration of a wide range of financial, legal, tax, lifestyle and emotional considerations that can be quite perplexing. However, with proper guidance and coaching that trepidation will soon dissipate into the entrepreneurial excitement of a future as big as you want to make it.

The following insights will help first time buyers and even experienced entrepreneurs to better prepare for entrepreneurial success – on your terms.

### 1. Define Your Goals as a Business Buyer

- Do your strategic, personal, and financial planning before getting started
- Soul searching is essential to determine exactly what your goals are in buying a business, and what you really want to achieve
- Consider carefully what the implications will be on your life, lifestyle and family
- Be certain that you're prepared to make the sacrifices and take the risks required to be a successful entrepreneur

### 2. Leverage Your Skills Wisely

- Look for a business that you know you're qualified to operate
- A business that requires your skills to go to the next level can make you a fortune



. Confirm your expectations of the skills and expertise required with your business intermediary and the seller before you make an offer

- Prepare a profit improvement plan and discuss it with your business intermediary
- Budget your profit improvement strategies into your acquisition plans

### **3. Be Strategic and Open Minded**

- Many buyers anticipate purchasing a particular type of business but happily change plans when an unanticipated opportunity comes along
- With many thousands of unique businesses to choose from, if you keep an open mind, you may just discover an unexpected opportunity that suits your interests, talents and financial expectations

### **4. Buy a Fixer-Upper**

- Consider buying a business that is under-performing for reasons that are clear to you
- Make sure you have the skills and budget to make appropriate improvements
- Leverage those improvements into increased earnings and profit and you'll be well on your way to entrepreneurial success!

### **5. Be Prepared**

- Timing is everything, so being prepared in advance to make a serious offer once you have found what you are looking for is critical
- Get your financial and credit facilities in order before you consider buying
- Make sure that "soft" financial commitments from friends and family are firm, before you start negotiating and include these people in the process as appropriate
- Define and refine your interests, capabilities and budget in advance, so you'll recognize the right opportunity when it does come along – then act!
- Timing can often be critical to success, so be prepared to make decisions and respond appropriately when the time is right

### **6. Respect Confidentiality – Be VERY careful!**

- For most sellers, confidentiality is a paramount issue
- Be JUDICIOUS about NOT divulging confidential information to anyone
- Be especially cautious with casual friends and acquaintances
- Emphasize confidentiality with ALL professional associates including bankers, accountants, attorneys and consultants
- Loss of confidentiality has derailed deals and landed guilty parties in court

### **7. The Terms are More Important than Price**

- The terms of the deal are always more important than the actual purchase price
- Negotiating the right deal can take a considerable amount of time and effort
- Understanding your sellers objectives and reason for selling is a critical part of finding the right opportunity and structuring the right deal
- Above all, do NOT take the negotiating tactics of the seller personally, or get caught up in to emotion of the situation

- Rely on the professional expertise of your intermediary to negotiate well and create win-win terms that work for both parties

## 8. Don't Over-Spend

- Negotiate only for terms that you can realistically afford
- Don't over-stretch yourself to your financial capacity
- Leave sufficient rainy day and transition capital to ensure a cushion of safety

## 9. Insist on a Seller Financing

- Make sure that your seller is providing a reasonable portion of financing
- This allows you to buy a more valuable business with less money down
- It also keeps the seller honest regarding financial projections and business potential

## 10. Recasting Financial Statements

- Entrepreneurs really do find creative ways to minimize profits to pay less tax
- Recasting financial statements is critical to understanding the true earning power of a business
- All financial recasting as provided by the owner needs to be verified
- Ask your intermediary to provide you with a deeper understanding of the International Business Brokerage Association's accredited standards for financial recasting
- Remember that you are purchasing the net lifestyle value that the business will afford you – and NOT the financial statements

## 11. Choose the Right Professionals

- Every buyer needs a good lawyer and accountant on their team
- Choosing the right professionals means finding experts who have actual experience in buying and selling businesses and who understand their role in the process
- Recognize that MOST lawyers and accountants are not entrepreneurs or business experts
- Understand that because their job is to protect your interests against all conceivable risks, the safest recommendation they can make in every situation is to not take a risk
- Remember that you are ultimately the one who makes the business decision based on your talents, expertise, instincts and entrepreneurial goals

## 12. Ownership Transitioning

- The right transition plan can make all the difference in your immediate success as the new owner
- Ensure that your intermediary provides you with a complete checklist of strategies for transition planning
- Take full advantage of all marketing and promotional opportunities to market your new business
- Leverage staff relationships immediately – get started on the right foot with your new staff
- Build relationships with bankers, channel partners, suppliers and associates as quickly and professionally as possible

## 13. Begin with the End in Mind

- The best way to be successful is to plan your own exit before you buy

Consider your future plans and the role your business will play in achieving them

- Begin with a plan to improve the business, and sell for a profit in 3, 5, 7, 10 years...
- Start with 1, 3 and 5 year performance goals and monitor carefully
- Use professional consultants and business coaches to help keep you on track
- Be sure to work on the business as much or more than you work in it
- Prepare a business, marketing and financial plan that confirms your strategic objectives are realistic – then work your plan!

#### 14. Find a Business Intermediary You Can Trust

- Buying a business is a complex and challenging process with many potential pitfalls that could be costly– if you make mistakes
- Using a professional business intermediary from a reputable firm will save time and effort while providing good counsel to help you prevent those costly mistakes
- A good intermediary will also have access to businesses before they become public knowledge, so you can get the inside scoop
- It is critical that you maintain a positive relationship with the owner for many reasons
- The very best way to accomplish this is to have an intermediary handle all negotiations on your behalf
- A skilled intermediary will have expertise in negotiating the right terms and conditions to create a win-win scenario for both the buyer and seller
- An intermediary will also carefully facilitate the complex process of due diligence and coordinate the roles of lawyers and accountants to help you achieve your goals

#### 15. There is No Perfect Business

- There is no PERFECT BUSINESS, only some that are better for you than others
- The key is to find the right “opportunity” for you to make it your perfect business
- The more prepared you are the more confidence you will have
- You will always have a little fear and trepidation, so just be as prepared as possible and – **go for it!**

*“Whatever you think you can do or believe you can do, begin it.  
Action has magic, grace and power in it.”*

Goethe

**For a no cost consultation about buying your next business**

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