

What You Must Know Before You Buy Any Business

Before taking the plunge into business ownership it pays to get your thinking right, because the quality of your choices will play a large part in determining your success:

10 Things You Must Know:

1. That you are business ready; understand your skills, strengths and weaknesses, and have the necessary resources and support to buy a business.
2. That the business is in an industry you have or can gain experience in, have a vision for and can add value to, while living and supporting the lifestyle you want.
3. That there is a sound market now and tomorrow for the product or service this business provides.
4. Who the competitors are; are they a threat, and how is this business positioned to operate in-light-of; imports, new technologies, regulations and currency fluctuations?
5. Who the key customers are, what they represent, how they feel about this business, and if they are friends or related to the current owner.
6. What are the relationships, terms, and contractual arrangements with suppliers and can these be readily transferred?
7. Why the business is for sale, how profitable it is and has been over the last three years; what are the trends? Your accountant will help recast the accounts to confirm this.
8. That any leases, contracts, employment matters and or intellectual property are legally sound – use your lawyer to assist here.
9. That the price is fair and reasonable; that all plant and equipment required is in good order and listed, that the stock has been accounted for and valued appropriately, and that any goodwill is appropriate to the strength and earnings of the business.
10. What legal structure you will use to operate the business, how you will fund and service any loans and how you will contribute to the business' success?

Owning a business can be very rewarding; apart from the potential to amass wealth, you get to decide when and how long you work, who you work with, and the manner in which you produce the product or service. However, make sure its something that you really want to do, something you are passionate about, have a vision for and have the necessary skills to add value to. In buying any business, always do your homework and consult with professionals.

For more information check out:

1. nzbizbuysell's articles on Buying a Business
2. The NZ Business for Sale opportunities on www.nzbizbuysell.co.nz

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