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Six Essentials To Consider Before Buying A Business



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As an entrepreneur who has taken over several small businesses in the past, I can say that buying a business has lots of advantages -- the biggest of all being having direct access to an established customer base. In my personal experience, taking over a business can bring in profits starting as early as the first year. After all, hard work of establishing the business has already been done.

Despite what it may seem, buying a business is never easy, even when it's just a small addition to your portfolio. You can't make an informed decision with in-depth

information on the seller's business plan and presentation decks alone.

Achim Neumann of A Neumann & Associates indicates that business buyers seek three **critical qualifications of any proposition**: seller motivation, an investment package and an accredited business valuation. You will have to dive into the business' financial statements, market reputation and operational health to prepare a confidential memorandum.

Read on for a checklist that investors should consider before they decide to purchase a business.

Timing

A business might be the right one to buy and on offer might be at the right price. However, the purchase must also be well-timed. Are you willing to give away the benefit of employers' contributions to your retirement fund? How many years of employment do you have left? Will you have as much time to invest in a new business? These are the kinds of questions you should ask yourself before taking the leap. Remember, there's no looking back once you buy a business.

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Family Support

In spite of your business drive, you have to consider your personal life and family. The emotional and physical demands of a new business cannot be underestimated. Find out whether your spouse will be comfortable with you taking a few hours every day or every week to mobilize your new business' resources.