

7 tips for buying a business

1. Remember that you're buying a lifestyle and a job. You're buying more than just assets and inventories. Look at how much you can realistically expect the business to pay you, and also how much profit you will make (beyond your own compensation).

2. Look for seller financing. Banks often aren't willing to make loans for the purchase of a business, which makes seller financing essential. Down payments of 20 percent or more are not uncommon. It's usually a good sign when a seller is willing to finance the sale with a low down payment.

3. Get professional advice and expect to hear some warnings. Be prepared to hear lots of negatives from attorneys and accountants. They are paid to protect you and owning a business is a risk. It is their job is to make sure you understand the risks involved.

4. Ask for comparable sales. It's unlikely you would buy a house or a car without knowing what the comps are. For most businesses, the same information is available through brokers who are members of Business Brokers of Florida. Your broker can look at similar business sales, and based on revenue and owner benefits, provide a good estimate of the value.

5. Get the seller to help you. Most business sellers are happy to stay onboard long enough to make sure you understand how to run the business. They usually are happy to spend a few weeks showing the new owner the ropes, although sometimes they want to be compensated for it.

6. Do your own research. If you're buying a business in a field in which you have little experience, do yourself a favor and talk to others who own similar businesses. You'll likely find a friendly owner who will tell you the ups and downs of that type of business.

7. Buy it to sell it. The two primary reasons to own a business are to earn income from the business and to increase the value of the business so that it's worth more when you're ready to sell. Keep your focus on both reasons. If/when you're ready to sell, I will be there to help you.