

Find the Right Business to Buy

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So you're thinking of buying a profitable operating small business. Well, congratulations! Small business ownership and its operation can be one of the most financially rewarding and intellectually stimulating pursuits that you can follow in life. However, the actual process of purchasing an operating business is an extremely challenging and complicated undertaking and you'll want to be as fully prepared as you can be. You need to gather as much information as you can which will help you to find a suitable operating business for sale, to properly value the business, to successfully conduct negotiations, and finally, to actually close the deal and transfer ownership. The good news is that tens of thousands of small business sales occur every year with little or no real problems and the new owners and the sellers both realize their goals. But, you must be fully prepared and knowledgeable for this success to occur! In this article, I'll address the first aspect of finding a profitable operating business for sale; finding the right business for you!

The first step in this process is to find out whether or not you are truly a fully motivated buyer. Ask yourself these questions:

- Do you know what kind of business you want to buy?
- Are you "technically" qualified and experienced enough to run the business?
- Do you have the temperament to deal with fickle customers, demanding creditors, and difficult employees?
- Do you have the attention to detail that most businesses demand?
- Can you deal with the bookkeeping requirements of the business?
- Are you prepared to "eat, sleep, and drink" the business 24-hours a day, 7 days a week (because that's what it frequently takes)?
- Can you deal with adversity without losing your cool?
- Can you deal with uncertainty without losing sleep?
- Are you a good "people person" who can successfully deal with both customers and employees?
- Can you accept the potential significant financial loss that investing in the business exposes you to?

Next, you need to determine what your key reason is for buying and operating a business in addition to the obvious reason of

making money:

- buying a job to earn a living
- acquiring an attractive lease or other real estate
- buying prestige (many business owners are respected community leaders)
- eliminating competition if you already have a business
- buying a hobby or retirement occupation
- seeking self-fulfillment and control of your own destiny
- seeking an opportunity for a child or other family member

Now ask yourself, what is it that I really like to do, and what is it that I'm really good at? If you have determined that you are a truly motivated buyer and you know the reasons that you want to own and operate a business, then you should begin searching only for those businesses that match what you like to do and ones that match your skills, capabilities and knowledge.

There are many sources of businesses for sale and quite a few can be relocated, but to maximize your opportunity of finding the right business for yourself, you should be prepared to relocate to the business's location if at all possible. Some good sources of information about businesses for sale include:

Newspaper classified advertising under Business Opportunities

Classified ads in the Business Opportunity section of your local or nearby major metropolitan newspaper remain as one of the best sources of locating businesses for sale, especially for businesses priced under \$1 million. Most newspapers have a particular day of the week that features the most active day for these listings; usually the Sunday edition. Because classified advertising is fairly expensive, most advertisements for businesses for sale don't run continuously. You'll need to constantly scan the listings for a substantial period of time to locate businesses that may be attractive to you. Unfortunately for potential buyers, many good businesses for sale never make it into the classified ads because of the concern on the part of business owners that their customers will learn that their business is for sale, which could hurt business sales. It is more likely that good businesses for sale can be found in the listings in the large metropolitan newspapers (greater anonymity) than in the local suburban newspapers where no matter how carefully the ad is written, people may determine the

actual identity of the business.

One very good way of using the classified ads is to advertise for yourself as seeking a business for sale and detailing the characteristics of the business for which you are looking. Many business owners who are thinking about selling but have not formally decided to do so, scan the business opportunity section to get an idea as to what is available for sale and what the asking prices are for similar businesses to help them in their own planning. By advertising for yourself as a buyer, you may be able to find business opportunities available before the general market hears about them and consequently may be able to make a better deal. Some of the large metropolitan newspapers have "businesses sought" or "business wanted" sections that would be a good place to put your ad.

Also, keep in mind that many businesses can be relocated. So, if you are looking for this type of business, it may make sense to expand your search fairly widely within your region of the country. Some easily relocatable business types within a region are:

- publishing
- consulting (business)
- distributorships
- consulting (environmental)
- some manufacturing
- paging and cell phones
- mail order
- vending routes
- telemarketing
- trucking/transportation
- export/import

Newsletters of various kinds (in-house brokerage publications, regional and national independent publications, etc..)

There are various newsletter type publications throughout the country that collect various business for sale information to present to potential buyers. These newsletters are usually excellent sources of reasonably up-to-date information on a broad array of businesses for sale. These newsletters take the following general form:

- Local broker newsletters published by individual brokers that list only their listed businesses for sale.
- Coalition business brokers who combine their listings together in a

newsletter format within a specific market area.

- Regional and national newsletter publishers that combine many listings in a range of categories across regional and national markets.

Business brokers (most reputable ones are listed in the telephone yellow pages and with the national professional associations)

Business Brokers are also excellent sources of information regarding businesses for sale which they represent. Unfortunately, for business buyers and sellers, there generally isn't a strong multiple listing service type of collection of businesses for sale as there is for residential and commercial real estate in many parts of the country. However, many business brokers do cooperate together on some basis, and they can always make a particular search for a buyer if a specific type of business is seriously being sought. Your local business broker should always be consulted when you're actively seeking a business for sale. But keep in mind the narrow view that some of them bring relative to the total market. It appears that more and more business brokers are now cooperating together in exchange of business listing information as a result of the ease of information transmission in the new telecommunication age (especially due to fax, e-mail, and the Internet).

Some other drawbacks with business brokers is that many are still commercial real estate agents at heart, and may be more versed in selling real estate situations rather than true operating business opportunities. Many business brokers will, in fact, be real estate agents because of the need for a state license to broker the sale of real estate.

Word of mouth through friends, family, and colleagues from all walks of life

Word of mouth is probably one of the better ways to find out about a good business for sale, but it's also the most unreliable relative to conducting a specific search. However, this method shouldn't be ignored. In a way, it's like looking for a needle in a haystack; but it sometimes works very well. You just can not sit back and let the information come to you. You should "put out the word" in your business, social, fraternal, and religious circles about your desire to purchase a business. If there are serious sellers in these groups, you



may not know about it because of the need for confidentiality regarding a business for sale.

Magazines and other periodical publications

Magazines and periodicals are usually national in scope with long lead times for advertising, but they reach a lot of people. In general, they are not good sources of businesses for sale because most sellers and brokers do not list their businesses in them. However, you should scan the various magazines that specialize in entrepreneurial, business, or financial perspectives such as:

- Inc.
- Success
- Entrepreneur
- Opportunity
- Small Business Opportunities
- Kiplinger's Personal Finance

The Internet (but usually not under "business opportunities", but rather, "businesses for sale")

The Internet has become a great source of business listing information and is very useful in all parts of the country. To find information about businesses for sale just go to your favorite search engine, such as Yahoo.com, AskJeeves.com, or Google.com and conduct a key word search. The best key words are, "businesses for sale," "buy business," "sell business," or "buy sell business." It's usually best to use the advanced search capability on the search engines to better target the results you want.

I hope this information helps you in your search for the right business for you. Good hunting and good luck!