

Buying an Existing Business

Writing in his "Money Matters" column on Microsoft's bCentral website, Joseph Anthony gives seven tips for anyone thinking about buying a business. These are paraphrased below.

1. **You are not just buying a business; you are buying a lifestyle, as well.**
2. **Try to get the seller to finance some of the purchase.**
3. **Remember that a business broker represents the seller.**
4. **Get your own advice from attorneys and accountants and expect to hear some warnings.**
5. **Consider linking the agreed-upon price to customer retention.**
6. **Make sure the seller helps you through the transition.**
7. **Do your own research on the business's valuation.**

Anthony recommends that anyone buying a business learn in advance about the various methods of valuing a prospective purchase; he lists two web sites that contain such information.

**www.biscomps.com/
www.bvmarketdata.com/**

Do you want a better understanding of the business you are buying?

Business valuation is the process of determining the current value of a business. In doing so, evaluators consider only verifiable information found on tangible business records. It is difficult to relate discrepancies to specific problems with business processes unless these problems can be inferred from financial data.

Problems that involve factors such as a lack of clear direction or inadequate training of personnel are outside the scope of conventional business evaluators. Solutions to such hidden problems may involve redefining policies, flowcharting processes, clarifying job descriptions, or developing new procedural instructions.

The business that you are buying should be able to provide current operational documents that reflect actual business processes. If not, you may require them to revise their documentation and provide you with current copies as a condition of sale.

Let us help you determine what operational documents are necessary and develop them so you can assume the business and run it effectively from the start. We stand ready to work with you to achieve your short- and long-range goals.

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