Transformation to the Entrepreneur

Using an Existing Business to Pursue Your Goals

Making the decision to start on a new endeavor and become a business owner opens the door to a world of experiences that you will find both stimulating and rewarding. The best way for you to succeed in your professional and financial goals is through buying an existing business.

When you start a business from the ground up, you will encounter the most difficult challenges among all of the risks, trials and tribulations you will experience in the process.

When you buy an existing business, there are some risks that you take, but the chances for success go up exponentially as opposed to starting from scratch.

CHOOSING AN ESTABLISHED BUSINESS VS A START-UP

There are five factors that make buying an existing business better than starting a new one:

- **Ongoing Stream of Revenue** – you can focus solely on improving the cash flow.
- **Established Location** – you don't have to worry about exorbitant start-up costs such as leasing office space and build-out.
- **Existing Customer Base** – people already buy your products and services.
- **Steady Suppliers** – you don't have to worry about how you're going to deliver your products and services to your customers because the supply lines are already in place.
- **Loyal Employees** – it's difficult when you are starting a business, trying to find people who have your best interests at play in bringing success.

Whether you're an experienced or a first-time buyer, you will benefit the most from buying an established business instead of starting your own venture.

Abundance of Businesses Available

As more people go down the route of starting a business, more will appear for sale through companies such as VR Business Sales. **If you are flexible in regards to the business type and geographic location**, there are thousands of businesses available to choose from in a given metropolitan area.

A VR Business Sales intermediary will help you find the right business at the price you want.

PERFORMING DUE DILIGENCE

To find the right business for you at the right price, you need to perform due diligence.

By definition, due diligence means **the period of time when the buyer is free to examine the seller and the business he or she owns**.

In reality, due diligence also refers to the efforts made by the seller to evaluate the buyer's financial statement and resume. The latter statement is particularly important if the seller will be carrying a note from the buyer or if the seller is to remain as a guarantor on a long-term lease assigned to the buyer.

The Various Aspects

Due diligence begins the moment the buyer is introduced to a given business through signing a non-disclosure document. **However, any review of books, records and operations (review of bank deposits and sales reports, for example) will be delayed until such time as there is agreement on price and terms – a signed purchase agreement**.

A buyer's accepted offer is contingent on several events, which includes a satisfactory review of the subject company's books and records. Therefore, **a buyer's deposit will not be at risk until he or she is satisfied that the sales and cash flow represented by the seller are indeed reality**.