



## **Can you stomach the deal – or do you just like to dream?**

In this day and age of the internet, buyers of all descriptions can explore potential purchases very easily and dream of the perfect purchase. However, before you start exploring your options at the business buffet, you need to listen to your stomach!

### **The Individual**

If you are planning to purchase a company as an individual, you need to determine just how hungry you are. Many times buyers who are working a job will start looking for a business and only look at what the potential cash flow the business could generate for them. They never look at the risks involved in comparison to their current employment.

You may be tired of your boss telling you what to do at work, but imagine how you will feel when your employees and customers are both telling you what to do...this is the real world. Now combine this with risking your own nest egg, your own money, in purchasing a business. These ingredients mixed together can taste sweet or sour, depending on your taste buds...your risk aversion level.

Once you have found the perfect dish that seems to taste just right, you have to be committed to sit at the table and begin to eat. This is where many buyers walk away. They find that they just can't sit at the table even after they have found the perfect meal. Why? Many times it is because the current job is not all that much different from what they are dreaming about when risk aversion, lifestyle, and gifts and talents are taken into consideration.

Buying a business takes a lot of self analysis. You really have to be motivated to buy. You have to know that you will never have happy taste buds unless you jump into the soup and swim in it! So before you waste your time, and the time of countless advisors and family members, determine your tastes...you may just find that the food is great at the table where you are already seated!

### **The Synergistic Buyer**

Many companies have been very successful at growing profits through acquisitions. However, there are necessary steps and questions that need to be covered before jumping in. Can you put a quantitative number to the synergies that you think exist? Will the cultures of the two companies mix? Are their truly savings with economies of scale or

does each business have a unique set of circumstances that increase expenses? Can you run the company as efficiently as the current owner or will you have higher overhead that will not be mitigated through lower cost of goods? Can you assimilate the purchase company or is it so big, that your company will end up in an untimely death and be like the python that tried to eat the alligator?

The answers to these questions will guide and direct you towards a successful meal at the transaction table...don't walk away with an upset stomach!

Copyrighted 2007

**Capital Endeavors, Inc.**

P.O. Box 895, 232 Crogan Street, Lawrenceville, Georgia 30046

Web: [www.capitalendeavors.com](http://www.capitalendeavors.com) Email: [davidstill@capitalendeavors.com](mailto:davidstill@capitalendeavors.com)

Phone: 770-962-8399 FAX: 770-962-8640