



Is It All About You

Are you looking for no risk and a high return? Then please throw this newsletter away. I speak from experience. Not only have I helped others buy a business, I have bought three of them for myself. Then, I built them up and sold them after a 5 year period. I did not manage the businesses on a daily basis. However, I did meet with my management team on a weekly basis; set the vision; and assisted in moving the team forward, making sure to charge for any consulting I did for the business. In this way, the business stood on its own merits while I continued in the merger and acquisition market.

The point of this article is to let any buyer know that if you want your own business, there is a price to pay, and it is more than the down payment. You have to think through the financial part and move into the emotional – life part. The price part is fairly easy to develop. Now comes the more...involved part...you lifestyle.

There are many that have worked in the large corporate environment and are ready to move their leverage from creating an advantage for their employer to an advantage for themselves. The only problem with this comes with the discipline of being a majority shareholder.

To be the majority shareholder, you first have to have the money. Let's not slide past this issue too quickly. Some buyers assume that there is a large group of business owners who are just waiting to get rid of their business. You do not want to buy a business that falls into this category if you are looking for a strong positive return. When buying a business you need to be prepared to have at least a 20% down payment for the acquisition, plus possibly the necessary working capital to run the business, and of course, the capital expenditure to grow the business.

Once you have assembled the money, you have to make sure that you are going after the lifestyle you want. You will wear many hats, generally you will put up a personal guarantee against most of your assets; you will have an unbalanced life style for a while as you go through the learning curve of the specific business and developing your growth strategy.

Once you pass the learning curve, you should be well on your way to a successful business balanced with a successful personal life. Just make sure you have weighted all the requirements of both. Otherwise, the only one who will win will be the business broker, the attorneys, and your accountant.

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