



BUYING A BUSINESS

As a general rule, established businesses and franchisees have a higher success rate than a startup. Established businesses have a history of proven profitability in their history while franchises have a proven process and brand.

Persistence and determination are essential to taking on a business, but with the right business choice, a big bank balance is not.

by Kris Fuehr & Jeff Levy

ESTABLISHED BUSINESS

1 THE RIGHT FIT

Consider lifestyle: Are you seeking absentee or owner-operator? A turnkey business or a fixer-upper? Start by window shopping for businesses for sale on the market and create your list of top characteristics. Stay open-minded!

2 FINANCING

Plan on putting around 10% of your own money down. Seek a low-interest SBA loan or combine conventional, line of credit, or non-traditional options. Interest rates may range from 4% to 20%

3 DUE DILIGENCE

Review the financials in *your* scenario. Verify information such as lease assignments, contracts, org charts, cash flow, operations. Assess risks, and spot problems, (problems can be opportunities!) Assemble a support team including: Your lender, CPA, Attorney, and at least one risk-taker!

4 TRANSITION THE BIZ

Negotiate an appropriate transition including training and support. You'll also learn from employees who generally stay during a transition.

FRANCHISE BUSINESS

1 THE RIGHT FRANCHISE

Franchises are in 80 industries. About ½ food and the remainder business to business, business to consumer, service, consulting, financial services, etc.

2 FINANCING

Since franchisees have a higher success rate than a true startup, banks are more likely to lend compared to a startup.

3 EVALUATING A FRANCHISE

Make sure they are registered in WA, begin with a clear vision of your own financial goals and inventory of your strengths, focus on the correct category of franchise for you, depending on the relationship you wish to have with the business, consider your ideal exit strategy.

4 SETTING UP YOUR BIZ

Your franchise will supply everything to set up your business according to standards. After signing a franchise agreement, there will be an on-boarding process that would include all considerations.

