

Is buying an existing business a viable option rather than starting from scratch?

This is a question that every person thinking of starting their own business should consider before committing their efforts to starting something brand new.

Lets have a look at the pros and cons of buying an existing business vs starting from scratch.

Buy	Start
Higher "start-up" cost	Lower "start-up" Cost
Systems Developed	Systems to be Developed
Trading History	No Trading History
Sales Pipeline	Sales Pipeline to be developed
Funding can be secured	Own Pot plus Friends, Families and Fools
Profitability History	Profitability Unknown
Employees in place	Recruitment of employees
Immediate Cashflow	No Cashflow
Established Suppliers	Untested Suppliers
Existing Lease/Premise	New Lease/Premise

While there is limited evidence on the exact reasons for small businesses to fail, it is widely accepted that business failures are the highest in the first two years in the start-up phrase, with the probability of failure reduces from then on.

Some of the reasons for the improvement in survival rates over time are:

- Found a market for its products or services
- Has an established customer base
- Relationships develop with suppliers and customers
- Core business processes are in place for day to day operations
- Growing goodwill and market reputation
- Established profitability and cash flows

Most people think that typical small businesses offered for sale are businesses such as cafes, and other food or retail outlets, however almost all types of businesses including trade-based businesses do come up for sale at some point in time.

It is strongly recommended not to make a decision about starting a business until you have investigated the market to see if there are businesses available within the areas that you are interested in. You then have the option to "jump" into a profitable business and leverage the hard work already undertaken by someone else.

Unless you are looking at selling something unique into the market place, or you have previous experience to take a start-up business to a stage where it is profitable, buying an established business will normally be more instant, attractive and financially rewarding.

While there are obvious benefits for buying a business compared to starting one, we find however that up to 90% of potential business buyers do not end up buying a business.

So if you want to know how to do so successfully, then you are invited to attend a FREE workshop on "How to Successfully Buy a business".

For further details including the date of the next workshop, please contact our office via email: info@businessbrokers.com.au to find out more.