Top 5 Mistakes of Business Buyers

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Regional Managers

GARDEN CITY, NY, US, December 13, 2022 /EINPresswire.com/ -- A Neumann & Associates, LLC, a New Jersey-based Mergers & Acquisitions and Business Brokerage firm, discusses the top 5 mistakes buyers make in buying a business.

Buying a small business can be a great way to grow a current business or venture into a new one. Buying a business, however, is very different than running a business, and business owners need to be aware of how complicated this process can be. There are many obstacles that will need to be properly navigated in order to assure a successful outcome for the buyer. The following are five of the top mistakes that small business buyers tend to make.

1. Not Seeking Professional Help - Successful business owners usually have a team of professionals they depend on when needed. Normally, CPAs and lawyers are key members of this team and help guide the business owner with critical decisions. This should be the case when buying a business as well.

2. Not Knowing the Process – Once an investor has now made the strategic decision to buy a company, questions abound. Now what? What is the next step? What kind of company should you look for? Where to look? What is affordable? Get prequalified for a loan? How long should this process take?

3. Not Knowing What to Look For – Equally as important as knowing the process is knowing what to look for. The more specific one can be, the greater the chance the investor will have to find the opportunity that is right. Define the industry. Define the subset of the industry if there is one. Define the ideal size for the ideal business (revenue, number of employees).   Define the location if that is relevant.

4. Due Diligence Negligence – There is nothing more important than rolling up sleeves and diving deep into the details of the company. Financial statements and tax returns give some information but certainly don't tell the entire story. The buyer needs to make sure that the entire story is laid out.

5. Inadequate Transition Planning – The post-closing transition period will be one of the most important time periods for the new owner as you take the reins of your newly purchased business. It can also be one of the most challenging times as well. Proper financing plays an important role at this time.

Buying a business can be a deeply rewarding endeavor if executed correctly. If not, it could be a nightmare and a cause for regret for a long, long time.

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