

Buying a business abroad

E-book

Foreword

Large amounts of people worldwide emigrate every year; a number of these people will use the opportunity to buy their own business. Only a small amount of these people have had any experience of buying, selling or indeed running a business in their current country of residence, or place of birth.

However people do use the fact that they are starting a new life and are changing their life as an opportunity to try something new.

Buying a business is stressful. For some people buying a business is just like buying a house and getting a new job at the same time, so perhaps you can imagine how stressful it can be.

If you do not have the information or skills needed the chance is that you will make a huge mistake in the choice of business and the price you pay for it.

If you know what you are doing, you will be able to buy the right business for you, will cut the time it will take, be more certain of your choice and ensure that you will not be taken for a ride.

This e-book will save you a huge amount of money, stress and personal anguish by helping you make the right choice for your circumstances.

David Rhodes MCLC
CML Coaching

About

This e-book: Buying a business abroad is a product of CML Coaching operator of:

www.iwanttochangemylife.com

I want to change my life is a website dedicated to helping people emigrate and relocate successfully. The website provides invaluable information and assistance to people who have either emigrated or who are planning to emigrate in the near future.

CML Coaching also provides bespoke and individual attention to the person who is serious about making their emigration a success.

The services help you plan for your emigration reducing your stress during this challenging period.

By using CML Coaching's services you will greatly increase the probability that you will be making the correct decision and that your emigration will be a success.

Claim Your Free Gift

Become a member of www.iwanttochangemylife.com and you will have made your first step in ensuring that your emigration adventure is successful.

Make sure you don't miss this powerful resource. Subscribe to I want to change my life now and you will receive your download instructions instantly.

Please be assured that we respect your privacy and will not abuse the privilege of your subscription or give your email address to anyone under any circumstance. You may remove yourself at any time.

To subscribe simply visit www.iwanttochangemylife.com and complete the simple form.

Why buy a business?

The alternative that many people have is to establish a new business. For many people this may be the right choice, so why would someone spend money on buying an existing business?

Buying a business has many advantages over establishing a new enterprise.

Immediate Profits:

Unlike with a start up business, you don't have to wait to establish profits. Depending on how much you pay for your business you will get income from day one – the average time required to establish a business and get it to a profit situation is +18 months, for this reason the factor often used when valuing a business is approx. 1.5 times the profit.

Lower Risk:

With an existing business, the success of the business has already been proven by its track record. Internationally nine out of ten new businesses fail within their first two years of trading, whereas just the opposite applies for going concern acquisitions.

You can also review actual operating results, rather than projected results. Starting a new business means that you are moving into the unknown, yes you can predict the profits but how often are these predictions wrong! With an existing business especially a business that rely on location for its trade, the profit is more certain.

A Base To Build On:

When you buy a business your drive, new ideas and enthusiasm can be used to increase the present profits as opposed to using your energies to establish the business into a profitable state.

The Hiccups Have Been Ironed Out:

The business will be free of start up problems and you have customers, employees, suppliers, premises and physical plant and equipment. This means that you can simply move in and start trading.

Cheaper Finance:

It is often easier to raise finance for your business especially if you decide to bank with the same bank as the seller, due to the fact that the business has a financial history, and the local bank knows it.

When banks lend money, they are concerned about whether the money will be repaid. The higher the risk the higher the premium they will place on any request for finance. That is if they agree to lend in the first place!

As there is less risk from the banks point of view, and because the business has a financial history they may be more inclined to offer a more competitive interest rate and an interest rate closer to the base rate than they would for a new operation.

In many cases, the seller may provide the financing you need to buy the business.

Smaller Capital Outlay:

You may be able to buy an existing business with profits for even less than it would cost to duplicate the assets by starting a new concern. Technically the price should be the same as for establishing a new business, however for personal reasons sellers often need to sell quickly resulting in a lower selling price.

Access To Training:

As part of the goodwill you pay, the seller will/should train you in operating the business. This may be a couple of hours or much longer depending on the complexity of the business. You may also have trained employees in place (that can train you!). So from day one you will make fewer mistakes in running the business.

Better Location:

The best locations are often already being used, for retail businesses the maxim is "location, location, location". If you try to establish a new business it is likely that the location for the new business will not be as good as the location of the existing business.

Less Administration:

You will have existing licenses and permits, as such this will cut time and stress.

Less Competition:

If you don't buy the business but set up in competition, it will be unlikely that the existing business on the market will close. Establishing a new business in competition with the business you are considering buying may mean that your profits will be lower as the profits will probably be shared between the businesses. The existing business will need to have a very bad reputation for the

vast majority of its customers to switch; therefore you are likely to have the smaller market share. This may mean the difference between success and failure.