

A Step by Step Overview of the First Time Buyer Process

A recent article on Businessbroker.net entitled, *First Time Buyer Processes* by business broker Pat Jones explores the process of buying a business in a precise step-by-step fashion. Jones notes that there are many reasons that people buy businesses including the desire to be one's own boss. However, he is also quick to point out that buyers should refrain from buying a business that they simply don't like. In the quest for profits, many prospective owners may opt to do this, but it could ultimately lead to failure.

Step One – Information Gathering

For Jones, there are seven steps in the business buying process. At the top of the list is to gather information on businesses so that one has an idea of what kind of businesses are appealing.

Step Two – Your M&A Advisor

The second key step is to begin working with an M&A Advisor. This point makes tremendous sense; after all, those new to the business buying process will benefit greatly from working with a guide with so much experience. M&A Advisors can gain access to information that prospective business owners simply cannot.

Step Three – Confidentiality and Questions

The third step in the process is to sign a confidentiality agreement so that you can learn more about a business that you find interesting. Once you have the businesses marketing package, you'll want to have your M&A Advisor schedule an appointment with the seller. It is vitally important that you prepare a list of questions on a range of topics. There is much more to buying a business than the final price tag. By asking the right questions, you'll be able to learn more about the business and its long-term potential.

Step Four – Evaluation

In the fourth step of the business buying process, you'll want to evaluate all the information that you have received from the seller. Once again, an M&A Advisor can be simply invaluable, thanks to years of hands-on experience, he or she will know how to evaluate a seller's information.



Step Five – The Decision

In the fifth step, you'll need to decide whether or not you are making an offer. If you are making an offer, you will, of course, want it to be written and include contingencies. If your offer is accepted, then the process of due diligence begins. During due diligence, you and your M&A Advisor will look at everything from financial statements to tax returns. You will evaluate the company's assets. Again M&A Advisors are experts at the due diligence process.

Buying a business is an enormous commitment. Making certain that you've selected the right business for you is one of the most critical decisions of your life. Having as much competent and experienced help as possible is of paramount importance.

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