

The First Steps After You Buy a Business

It's One Thing to Buy A Business, Now You Have To Run It! The first 90 days after you close on a business purchase will prove to be the most critical time in you new venture's short-term future. There are several key factors that done right will set the foundation for your success. It is very important for you to lay out your plan for post closing before you take over so as to ensure the smoothest transition possible.

Don't Change Anything....Yet!

Unless you have an intimate knowledge of the business and the industry, much, if not everything will be new to you. While it is normal for you to jump in full steam ahead and implement many changes that you've thought about, the best thing that you can do is nothing, at least at the very beginning.. That's right, no major changes at all, at least for now. Most businesses experience a downturn in the first three to six months after a new owner takes over. Don't panic, it can happen. However, if you avoid any substantial changes, things should rollover effectively.

Since so much is new, it would be impossible for you to set forth any policies or procedures that make sense. What you want to do is to first learn the business, who are the customers, what do they want and expect, understand the employees and determine their role and contribution to the business. Avoid drastic changes. The old saying that you've got to learn before you can earn is most applicable in this situation.

Get in, get comfortable, get smart and then get going.

The Seller's Role

Typically, there will be a period immediately after the acquisition where the former owner will be around for a transition period. This varies from deal to deal. In some cases, it can be as short as a couple of weeks while others may involve a long-term training period and even an ongoing consultation/employment relationship. This can be a difficult time. Regardless of the length of the relationship, keep in mind that the seller will still have a very strong attachment to the business and the employees will take some time getting used to a new boss.

Interestingly enough, no seller has ever made it through the entire training period for any business I've acquired. Sure they have a role to offer some insights but I've always found them to be more of a hindrance than an asset. Of course, if it's a complicated business then this may not always hold true. If the business is far too difficult for you to take over, or, if it relies on them completely to succeed, you probably shouldn't buy it.

Pick their brains as best you can. Always keep the relationship friendly; you never know when you'll need them and they can remain a good source for brainstorming down the

road. However, this is now your business, you're the new boss, it's your show, and it's time to get the show on the road.

Prepare a comprehensive list of everything that you want them to cover during training. This includes everything from how to operate the alarm systems down to providing you with their evaluation of the employees. One subject that should be covered at length is to ask them what they would do in your situation. Ask them to outline what their business plan would like and what things that they feel you should explore as the new owner.

For the first couple of weeks, let them keep their office as is. Set yourself up alongside them and watch what it is that they do each day. Observe the flow of communication with clients, employees, etc. Continually ask questions. Do not simply allow them to do their job as they did before; you need answers so question everything.

Meeting with Employees

Set up a meeting the first day with all the employees. These people are naturally going to be nervous about you, their job and their future. Most people abhor change so be sympathetic to their situation. No matter what plans you have, let them know:

- There are no major changes planned
- You are very optimistic about the business' future
- Each one of them has a role to plan
- You're eager to build the business
- You are available to speak to them at any time regarding any concerns they have
- They are expected to contribute to the success of the business.
- You're counting on their support to build the business
- You realize that there will be a transition period and it may take some time for them to get used to you and vice versa.

The objective of the first meeting is to set their minds at ease. Open up the floor to questions. Do not worry if not a single person has a question; they're nervous so don't interpret this as anything other than a demonstration of their anxiety. Don't feel pressured to reply to anything that you haven't thought through and never make any promises simply to win them over.

End the meeting by asking each one of them to prepare a report, due within one week, that outlines: what they believe can be done to make them more effective at their job and second, if they were the new owner what suggestions they would have for the overall business. Tell them that all reports will be kept confidential, that you will review it with them individually and that you expect everyone to have it submitted on a timely manner (a note here: if any of them are late, you can expect that person to be a trouble employee and chances are they will not last).

It's Time To Get Busy!

So you've got the transition period completed, the employees are feeling positive, you've reviewed their reports, it's now time to get down to business.

Step One: Make the Place Your Own

Get the place cleaned up. Throw on a new coat of bright paint, have everyone clean up their work areas, remove old files and throw out unwanted furniture, old posters, etc. Give the place a new look. You do not have to spend much money at all. Set the standard by keeping your work area spotless. There's no need to be a mess no matter what your prior work habits were. You cannot expect any employee to do anything different than you so if you want to run a well oiled, organized business, it all starts with you.

Step Two: Learn the Business and What Oils the Engine

Perhaps the most critical thing you can do in your initial tenure is to really learn the guts of the business. The answers are readily available but you have to ask the questions. Make it your goal to speak with customers, suppliers, employees, competitors and anyone else associated with the business to get a true picture about the business and the industry and where you fit in. Generally, the customers have the answers and quite often businesses do an awful job of satisfying the clients. They may think they do but the truth is that most don't. As such, dig into your customer's wants so that you position the business as a place where they want to do business.

Your employees are a pivotal link in this process. Get them involved. They will be far more effective carrying out plans they have helped develop than they will executing strategies that have been dumped on them.

Based upon employee reports and fact finding, compile a detailed listing of everything you want to do in the business, eventually. You can't do it overnight. However, by noting these potential items, your business plan will begin to marinate. Work at organizing your list by the area within the business (sales, marketing, accounting, operations, etc.) and keep it up to date.

Develop a 30/60/90 day plan for each specific area of the business. Follow up diligently to ensure timelines are respected. Change does not have to be monumental or drastic; it's improvement that you're striving to achieve.

Step Three: Sell Off Useless Assets

If the business has acquired useless inventory, equipment, or any other obsolete asset, then get rid of it. There's no need to keep any assets around that take up space and do not produce revenue.

Step Four: The Marketing Plan

In concern with step two, assemble the marketing plan for the business. Keep in mind that market is without a doubt the simplest thing to do in a business and something that is made overly complicated by most companies. Marketing is simply a matter of finding out what the customers want, and then giving it to them at terms that make sense to you and them. End of story. You may buy a business that excels at marketing which is great. However, marketing also requires continuous testing and measuring. So even if they're great at it, make certain that you set forth additional strategies within this discipline.

Step Five: The Business Plan

Personally, I think most business plans stink and are completely unrealistic. Companies put them together to make themselves feel good and generally little of it ever gets executed. On the other hand, it can prove to be an invaluable document and a blue print for success, Therefore, it is needed but must be done correctly. A business plan does not have to be a long document with unrelated information and useless pie-charts and graphs. On the contrary. Done right and it can be a bullet point description of:

- Everything you want to do
- Who is going to do it
- How it's going to get done
- When is it going to be completed

Now you're set. You've got a solid understanding of the business. You know what the customers want. You have a plan to deliver it. Your employees are sold on you; they've contributed to the company's plan. Focus like a laser beam and execute. Measure absolutely everything. Strive to get better in every way and everyday! If you constantly think about how you can make your business bigger, better and faster then you cannot help but be successful!