

# Why Buy an Existing Business?

With so many options available to you, the question will become which vein of the business ownership arena should you pursue? Between franchises, existing businesses, start-ups, and home based businesses, it does become a bit overwhelming. When reviewing all of the possibilities you have to decide what will work best for you however, your chances of success are clearly best when you buy an existing business or franchise resale for many of reasons. With any new business you have two challenges: developing the product or service and then seeing what if anything, people are willing to pay you for it.

Regardless of a company's past performance, an existing business or franchise will, at the very least, have a history from which you will be able to make certain decisions. Even if the company was not profitable in the past, your strengths may lend themselves perfectly to turning it into a viable venture. Furthermore, you have the ability to verify what the company did in the past that resulted in the current status of the operation.

## Ease of Investigation

In order to buy the right business or franchise, you will be required to do a thorough investigation of its past activities, its operations, its current status, the competition, the industry and its future potential. You will accumulate this information and then you will have to determine how it measures up with you at the helm. Clearly, this information gathering will be substantially more accurate and easier to obtain when dealing with an existing business or franchise, as you will have the resources available from which to get the details.

## Infrastructure

You will have the benefit of purchasing a company that has an infrastructure including customers, suppliers, employees, equipment and systems. This will allow you to focus on building the business as opposed to a start up or new franchise where everything begins at ground zero.

## Purchase Price Differences

Buying an existing business or franchise does not mean that it will cost you more. In fact, many times it's less expensive than building a new franchised location or launching a start-up. Even in those cases where it may require a premium, at least you know what you are getting if you investigate it properly. With a new franchise, a good Master Franchiser will do demographic studies on population, drive by traffic, potential customer base and a whole series of studies that will indicate that 'theoretically' the business should do well. However, the only thing they cannot guarantee either by law or in reality is whether or not you will be successful. Also, new locations can take a year or more to build. You can avoid all of this when buying a resale.

## Flexibility in Negotiating

You will have far more flexibility when negotiating the purchase of an existing business or franchise versus any other options available; it's not even close! Everything from the purchase price to financing is open to negotiation. Doesn't it more make sense to put yourself into an environment where you have the greatest number of options available?

"Please accept my many thanks for your course on how to buy a business. It has to be one of the best investments I have made regardless of the nominal sum. It not only gave me very sound advice and instructions on every aspect of identifying and purchasing a business, it also gave me the courage to do it."

**Jack Moses-  
Haworth, NJ**