

## 10 USEFUL TIPS FOR BUYING A BUSINESS

1. Does this business category harmonise with my goals and is it within my area of expertise?
2. What is the state of the general market for this business category? (search ABS and IBIS databases and Industry Journals for differing market segments and trends)
3. What is the State of the market in the location of the business? Research local competition, ask local businesses, ask industry suppliers. Try to estimate the size of the market in the location and estimate the share for each competitor. Determine if the market size of the location is shrinking or increasing and plot the reasons for this happening
4. What are any infrastructure developments in the location that may have affected the business in the past, or may in the future (search Local Government, State Government and Federal Government authorities).
5. Build a SWOT Matrix (analyse your *Strengths* and business *Opportunities* against your *Weaknesses* and the business *Threats*). List business objectives identified through the SWOT. Set out the strategies required to meet these objectives. Produce an action plan with timelines for implementation and outcomes
6. Obtain last three years taxation figures (accountant prepared). Dissect the figures into business operation essentials (revenue segments, segment COGS, segment labour costs and overheads), plot the percentage trends and measure against industry benchmarks.
7. From research, historic figures and SWOT estimate the budget for the next three years? Can they justify the purchase? Plan for the worst case scenario, can you still meet your commitments?
8. If purchasing land & buildings as well, research recent local area sales and prices trends. Estimate an average price per square for similar land and improvements.
9. Determine and identify exactly what you are buying.
10. After obtaining all this information always check with a professional in both the financial area and the industry category. It is money well spent.