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شعبان ١٤٤٣

FEBRUARY 2023

V16: Establishing New venture ①

• How to create a new venture? (Start-up)

creating a new venture means: start-up (starting the business from scratch)

It requires more time

It requires more risk

" " more finance

The fate of Start-up is uncertain
usually the size is small

• Issues and challenges in new venture creation

شعبان ٣
FRIDAY 24

→ Role of incubation centers

→ Role of networks

→ Lack of market knowledge

→ Limited financial capability

→ Lack of skilled labor

→ ~~Protot~~ Product development / service design

شعبان ٤
SATURDAY 25 / شعبان ٥
SUNDAY 26

• Stages of new venture creation

→ Cultural and market awareness

→ information seeking

→ strong intention to start a business

→ Idea for a product or a service (pre-start Preparation)

• competition, price, Suppliers, Raw material, which markets,

→ start-up challenges

→ growth and expansion

→ Networking
→ Trainings

→ Key points to consider while creating a new Business Venture.

① Economic forces
↳ indicators

② Exciting aspect of entrepreneurship for you.

③ The most worrisome issues for new venture
27 MONDAY (must be good at forecasts)

28 TUESDAY your business plan

⑤ which resources are most difficult to obtain?

⑥ marketing research & information seeking

⑦ investors

⑧ competitors

⑨ Entrepreneurship myopia

MARCH 2023

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شعبان ۱۴۴۴ھ

MARCH 2023

VII:- Buying an Existing Business ②

How to buy a business?

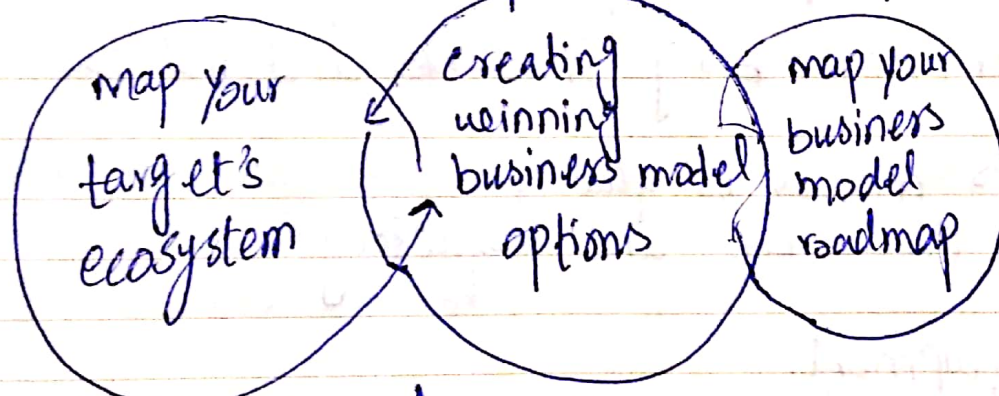
You must consider these points while buying a existing Business

- ① Relevant experience
- ② Potential of Business
- ③ market Segmentation
- ④ Payment methods
- ⑤ Business liability
- ⑥ Diversification Justified

Vision

options

Plan



• Good will → Brand Image

critical questions to be asked before buying any business
Business Liability, Diversification justified, Brand,
is business model sustainable?

Advantages:-

- ① successful existing business may continue to be successful.

Evening

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2. Already have best location
3. Employees and suppliers are already established
4. Fixed expenses e.g. equipment's are already installed
5. Production quality is already known.
6. ~~the~~ Inventory is already in place.
7. use of experience of previous owner.
8. Save the time, energy and cost of establishing new venture.
9. Customers and market are already developed.

03 10 FRIDAY

Disadvantages of buying an existing Business.

① 04 11 SATURDAY / 05 12 SUNDAY
It's a loser (never being profitable and window dressing).

- ② The business model is faulty
- ③ The location could be unsatisfactory

- ④ Obsolete Equipment
- ⑤ outdated inventory
- ⑥ Bank corrupt

17 Financial Assessment

- Balance sheet technique
- Adjusted balance sheet techniques
- Account receivable and payables
- Capitalized earnings approach
- Missing financial records
- Overpriced business

APRIL 2023						
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شعبان ۱۴۴۳ھ

MARCH 2023

8. Negative brand image for other business
9. Legal Aspects
10. Already known to previous owner
11. existing employees may leave
12. Partners may create problems

MONDAY 06

VIB: Buying an existing Business - why on Sale

TUESDAY 07

Findout why the business is for sale

Owner's Reasons for selling

- ① Old age or illness
 - ② Desire to relocate in a different section of the country.
 - ③ Decision to accept a position with another company
 - ④ unprofitability of the business
 - ⑤ Loss of an exclusive sale franchise
 - ⑥ maturing of the industry and lack of growth potential
- ⚠ Beware of Sellers who may have "cooked the books" to make the business more attractive.

V19: Buying an existing Business - Financial Statement

Examining the financial Statement

Important Guideline

- ① Review financial statements and tax returns for the past five years.
- ② Recognize that financial data can be misleading.

① Assets overvalued

② Expenses overstated/ understated

③ Income underreported

08 WEDNESDAY ④ unrecorded debts.

09 THURSDAY

V20: Buying an existing Business - Evaluation

Investigating and Evaluating Available Business

Important Advices:-

1. Due Diligence

• The exercise of Prudence, such as would be expected of a reasonable person, in the careful evaluation of business opportunity.

2. Relying on Professionals

Evening

• Accountants

• Attorneys

• other experienced business owners.

APRIL 2023

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شعبان ۱۴۴۲ھ

MARCH 2023

Val: Buying an existing business - Evaluation Method

There are many techniques to evaluate business, but we discuss only four.

Valuation of a Business

- ① Asset-Based valuation Approach
 - Examines the value of business assets taken separately
 - Does not reflect the value of a going concern
- ② Market-Based valuation Approach
 - Looks at similar businesses sold recently.
- ③ Earnings-Based valuation Approach
 - considers future earnings.
- ④ Cash flow-Based valuation Approach
 - is based on future cash flow
 - is the best theoretical method
 - Requires a more complex procedure

Determinants of a firm's Capitalization Rate

- ① Risk
- ② Projected Growth.

Evening

V22: Factors to Consider in valuing a Business

- 1- Competition
2. Market
3. Future Community Development
4. Legal Commitments
5. Union contracts
6. Buildings
7. Product Pricings.

13 شعبان ۲۰
MONDAY

V23: 14 شعبان ۲۱ TUESDAY Buying Existing Business: Negotiating and closing the deal

Terms of Purchase

- ① Assets Purchase or total entity
- ② Indemnification Clause
- ③ Payment in full or Partial Payments over time

Closing the Sale:

Evening

- Best handled by a third party (Lawyer, Law firm)
- Bill of Sale
- Tax certifications
- Payment-to-Seller agreements and guarantees