Title:
Don’t start it, buy it!

Word Count:
515

Summary:
Why should you <a
href="http://www.thebusinessmarket.com/411000-Buy_a_Business.asp">buy a
business versus starting
your own? Here are ten solid reasons:

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Article Body:
Why should you <a
href="http://www.thebusinessmarket.com/411000-Buy_a_Business.asp">buy a
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your own? Here are ten solid reasons:

1) The success rate for businesses purchased is much higher than the success rate for a new business startup. Just ask your accountant.

2) An established customer base means immediate cash flow! Enough said.

3) It is much easier to find capital to buy an existing business than to start a new one. Why? See reason #2 above. Bankers are not dumb. They know the statistics. Bankers are much more willing to lend money when there is an identified source of repayment already in place.

4) Many sellers are willing to carry-back financing at very reasonable terms. Why? For income tax reasons. They would prefer to defer any gain over a longer period versus taking a gain all at once. And if a seller is willing to carry back any part of the purchase price, it tells you the seller believes that the business will continue to succeed under your management.

5) Projections for a startup are nothing more than an educated guess.
Projections for existing<a

href="http://www.thebusinessmarket.com/411000-Buy_a_Business.asp"> businesses for sale are based on historical results. Which is more reliable?

6) Startups always, I repeat, ALWAYS cost more to start than expected. For the money you will end up spending to start that new business (which may or not succeed) you could have probably purchased an existing business with immediate cash flow.

7) You may actually need to come up with less cash for your down payment plus working capital when you buy an existing business than you would need if you started your own business. Why? With owner carry financing and a performing track record, your existing business purchase is very bankable. A new startup is not very bankable. The cash required to get the new business to a cash flow positive is unknown. And it eats cash.

8) An established web site presence. Although each business will vary, most businesses rely to some extent on a business web site. The longer a web site has been established, and the more traffic that web site receives, the more value search engines place on that site. This is important as your web site ranking determines your placement in search engine results. In other words, building a new web site is not enough. Customers still need to find it. A quality, established web site can be a real asset, something that a new startup will not have.

9) Many businesses listed for sale are actually very fairly priced. One can often find a business for sale that will sell for three to four times cash flow. Think about it. Four times cash flow equates to a 25% annual cash return on investment. 25% will usually cover all debt service and still leave a decent return for the investor.

10) Less brain damage. Just ask anyone who has been “wrung through the wringer” by starting their own business. Always wondering if customers would really come.

Think about it. It really is a pretty easy decision.