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## The American Dream



*So you want to buy a business.*

*By: Scott Balfour*

It is often said that the American dream is to own a home. Similarly, it can be said the entrepreneur's dream is to own a business. But where do you begin? One approach is to buy one. This article will address where to start.

The first step is to take stock of yourself:

**Lifestyle.** A business makes a lot of demands on you and your family, both in time and emotion. Carefully consider how you will balance this. Will family members be working with you? Do you have adequate child care if appropriate? What schedules of others might you have to work around? Is the family ready to accept more unpredictability, even with perhaps more flexibility in your time and finances?

**Find your Credit Score.** These are available online for a nominal fee. This will tell you if a bank or seller is likely to lend you any funds.

**Complete a Personal Financial Statement;** a balance sheet on yourself showing all your assets, loan balances, and net worth. This will show two things: where your cash down payment might come from, and possible collateral.

**Revise your Resume.** But this time, create in broad terms that will show your experience and skills. It is also important to take stock of your interests and hobbies. Attach to it a list of things you are definitely not interested in or skilled at.

**Determine the Geographic Location.** It's time to take assessment if your business needs. Determine if you want to be local, or how long of a commute you might consider.



Would you move for the right business?

**Assess your Financial Goals.** What are the financial goals you want out of the business? How much minimum income could you take the first year? What would be a desirable amount annually? Are your goals to maximize income or to also build the equity in the business for retirement or other ventures?

Having completed the above self-inventory, it's time to start the hunt.

One place to look is in the paper or online for advertisements of owners selling directly. Perhaps Craigslist.

One word of caution is that I have frequently observed that "For Sale By Owners" (FSBOs) are asking 2 to 5 times more than the true value of the business. Also, getting meaningful information up front is some times like pulling teeth.

You can then call on the business opportunities offered by brokers. This can be hit or miss. But the good ones, if you have assembled the above information, will be glad to review their listing with you. That is, if you sign a confidentiality agreement and appear to be qualified for the business you're inquiring about.

Another option might be to hire a business broker. In this case, in addition to the listings they have currently available at their agency, they will search for other opportunities for you. This might be the most efficient way to see a larger pool of possibilities from which to choose.

Accountants, lawyers and Indian chiefs. Well, you might not want the Indian chief. I call them Uncle Louis. They are often well intended individuals, more than willing to give their opinion and advice. Your job will be to avoid or filter all that "free" advice. It's often worth what you pay for it.

So, are you still thinking about buying a business? Looking to fulfill that entrepreneurial desire? Call Magnusson Balfour Commercial & Business Brokers (207) 774-7715 to arrange for an appointment with one of our brokers. Or, register for our "Buying a Business Workshop"

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