

The 17 Worst Mistakes That Buyers And Sellers Make

1. Trying to buy or sell a business without full accountant's figures - a 'she'll be right' attitude can send you broke!

2. Over-valuing or under-valuing the business - you need to know your rate of return to calculate the profit you expect long-term.

BENCHMARKING

3. Not checking the lease properly - oops, all dressed up and nowhere to go!

4. Not picking up incongruities between the Gross Profit % and Net Profit % to turnover ratios - the hidden difference between a profit and a loss in many cases.

5. Not thinking enough about or understanding the true nature of the business compared with what you have been doing previously - e.g., does it involve evening work, weekends, 7 days, working with public. Are you prepared for this?

6. Not ensuring your partner/spouse likes the business too - if they don't you've got problems!

7. Not factoring in the traveling time to and from a business - you'll probably be working longer hours than a normal job, so extra traveling time can be a killer.

8. Buying a business beyond your skill level to manage - e.g., if you don't have high people skills, don't try to manage people.

9. Buying a business for a son or daughter where there is no 'hurt money' involved on their side - this almost always causes problems, and business failures, and family crisis!

10. Paying too much attention to overly pedantic professional advice - doom-sayers who only see 'worst-case' scenarios instead of the reality.

11. Paying too much attention to 'armchair experts' - most of whom will never have been in business for themselves.

12. Paying too small a deposit. A reasonable deposit figure, say between 10% - 20% clearly says to the vendor that you're serious. It also lowers your debt level and reduces your repayments, which can be a huge advantage while you're 'growing' the business.

13. Trying to steal the business by offering an unreasonably low purchase price - someone else will come along and snap it up from under your nose - we've seen it happen time and again.

14. Trying to deal directly with either the Purchaser or Vendor, particularly unscrupulous Vendors who don't want their business scrutinised by a professional broker. We know exactly what to look for - do you?

15. Trying to 'back-door' the broker once the deal is in play - why would you when we're there to make sure everything happens smoothly, properly and in everyone's best interests.

16. Not having enough stock - funding for sufficient stock is something you have to allow for in your total acquisition cost.

17. Procrastinating - if you've done your homework and it all adds up, act!