How To Buy Your (Next) Business

Congratulations, Mr or Ms Entrepreneur! You’ve had your first entrepreneurial success. You started a business, built it up, and sold it. Even better, you’ve successfully converted your proceeds (or a healthy part of it at least) into cash.

Now what?

You could retire to the golf links or the tennis courts or whatever you used to do for fun (and now could do again). But you didn’t really make that much money, and you’d like to live better than you did in the past, or maybe it’s been a few months or a year or two, and you’re already in the weeds. In our experience it’s likely some combination of these thoughts going through your head at night.

So you need to do something to further build your wealth or engage your talents. Given your taste for running a business, and your apparent skill at it, the best idea is probably to start or buy another business. What’s that? You don’t ever want to go through the pains of a startup again? Then it looks like you’ll be in the market to buy one that someone else has started. OK, so what should you look for before taking on your next project?


This new and significantly expanded revision includes a wealth of new material, following on the heels of the best selling original. Because managers can no longer afford to be non-financial.

Gene brings his extensive financial management acumen and plain language writing style to the world of personal finance with "Financial Mastery for the Career Teacher", Corwin Press 2010. Written at the urging of an educational publisher, the guidance and strategies in this book will work for professional people well beyond the education industry.

Here are 5 keys to picking that next business, created for a former client who was in exactly that position, and who later started, grew and sold two new businesses. They may be of value to you as well:

1. Is it in the “right” area or industry? Is it a business you personally want to be in, that you can get excited about, and that you can envision yourself running for the next 5-10 years? If you see yourself immediately looking for someone to run for you, it’s probably the wrong business.

2. Is there real growth potential in it—for the industry as well as the business itself? I don’t mean it will grow as long as everything goes right. Everything doesn’t always go right. Your goal is to add your expertise to a high potential environment to better the averages and thus enhance your return.

3. Is it financially appropriate for your means? Can you afford to buy it with the capital you are prepared to put at risk? Can it provide you an adequate ongoing income, or leave you enough savings to live on until it does?

4. Is it (or will it be) appealing to outside investors if you need them to finance your growth? Internal financing is more profitable but usually slower. If your chosen business is in a fast-moving industry, e.g. technology driven, internal financing may not be an acceptable way to build shareholder value.

5. Finally and most importantly, is there something missing in this particular business that you possess and can put into the business, besides capital? Do you have a specific skill or understanding, knowledge or insight that management doesn’t currently have, and that will add critical value to the existing business? Example: Their sales effort is inadequate and you are a top-notch salesperson.

Your challenge is to find a business that meets the above test, before someone else finds it. Your search should be like a job search or a search for venture capital—it’s a full-time job until it’s done. There are too many folks looking for just such opportunities to casually “keep your eyes open,” or be unfocused in your search.

Happily, there are many companies out there that have been built over the past 5 to 10 years that have simply stalled. Typically their founders had a good idea, and probably have a good product, but they didn’t have all the tools or capital they needed to keep growing, and may not yet have recognized the importance of bringing in outside resources. That can lead to frustration for them that creates an opportunity for you.

AND beginning now and continuing for the next 5-10 years, there are companies built by baby boomers over the last generation or two, who are in or approaching their 60s and will soon want to exit, many of them to make time to do all the things you’re now bored with doing.

Many of these folks will be looking to exit just when the supply of interested buyers is shrinking, creating a once-in-a-lifetime opportunity for a smart buyer.

If you find them first, and your timing is right, this could be more lucrative than your last business. Wouldn’t that be great?

If you don’t have the answers to these questions, and that bothers you, it might be time to call for help. We help. 310-645-1091 or 888-788-6534.

Contact me for more information.

Gene Siciliano, Your CFO for Rent®