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## BUYING GUIDE

PRESENTED BY: MY BUSINESS FIND

[WWW.MYBUSINESSFIND.COM](http://WWW.MYBUSINESSFIND.COM)

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### Overview

My Business Find have years of experience working in the hospitality sector, we understand the skills & attributes required to run a hospitality business and life living with one. We are here to give you honest answers about your sector of choice and provide you with objectivity and expertise with regard to the business you choose to buy and offer practical advice to any concerns you may have. Our aim is simply to help you find and buy the best business out there for you.

We have put together a short buying guide in which we explain the process in more detail. We and our preferred partners will be with you every step of the way to guide you through the process.

### 1. Your requirements – fact find

Establishing a set of requirements is crucial. Our fact find will establish your detailed 'wants and needs' for the business which will provide us with a sound basis on which to perform our search. We will consult with you in depth covering areas such as your background, experience, expectations and commitments.

### 2. Is a business in the Hospitality Industry right for me?

Buying, or setting up a new a new café, restaurant, B&B or small hotel is an exciting proposition. However before embarking on your journey there are many questions you need to ask yourself in terms of whether the type of business is right for you:

- **Your abilities** - can you achieve what you want to achieve. What will your role be in the business?
- **Your capital** - how much money do you have to invest, both initially and whilst building up the business?
- **Your expectations in terms of earnings** - what level of profit do you hope to achieve and how significantly do you want to grow the business?
- **Your expectations in terms of free time** – depending on the role you take, owning your own business can be all consuming. Will your choice of business fit in with you and your lifestyle requirements?
- **Your strengths** - what kind of business opportunity will give you the chance to put your skills and experience to good use?
- **The industry** – Hospitality is a dynamic and fast paced industry. Those that work in the industry know how demanding it is and you have to be ready for this. However, get it right and it is also hugely rewarding both on a personal and financial level.

### 2. Why buy a business?

You are likely to have already given thought as to whether buying an existing business or starting one from scratch is best for you. Buying a business can sometimes be quicker and

easier and you can start earning immediately. However there is considerable time, effort and costs involved in finding & buying the right business and this should not be underestimated. We are here to help, by clearly understanding your requirements, targeting the right businesses and, if required, negotiating the purchase price and terms on your behalf.

There are many good reasons why buying an existing business makes good business sense. Remember though, that you will be taking on the legacy of the previous business owner. You need to be aware of every aspect of the business you're about to buy.

### Some of the advantages of buying an existing business are:

- The risks of failure are reduced as a market for the service has already been demonstrated.
- You can begin earning from day one.
- It may be easier to obtain finance as the business will have a proven track record
- There may be established customers, a reliable income and a reputation to capitalise and build on.
- There will be a useful network of contacts in place.
- A business plan and marketing methods may already be in place
- Existing employees should have experience you can draw on
- Many of the problems associated with business start-ups will have been discovered and solved already.

### 3. Deciding on the business to buy

Any business you buy needs to fit your own skills, lifestyle and aspirations. As mentioned previously finding and buying a business to match your requirements can take considerable time. Buying a business is a big commitment and we want to help you get it right. Because My Business Find is totally independent our goal is simply to help find the business that's right for you. That's why when we review businesses you can always guarantee we will be completely honest and objective.

When looking for a business you need to consider many aspects including the following:

- Has the business been priced correctly?
- Is the location right for what you want to do?
- Does the business fit both your immediate needs and your growth plans?
- What changes will I need to make, if any?
- Is look and feel of the building right? This factor is often very important in cafes, restaurants and hotels as it provides a backdrop and atmosphere for your business offering.
- The competition
- What are the lease conditions.

Our Find services offer a time and stress saving alternative freeing you up to continue with your existing responsibilities and also to get fully prepared for your new venture, perhaps re-skilling where appropriate.

#### 4. Write your Business Plan

At this point writing a business plan is time well spent. This is a crucial 'living' document that you will need to revisit frequently, but it will keep you focused and on track. It will provide you, and other interested parties, including the bank a clear vision of the business proposition, your skills, objectives, competition, and any likely financing required. Once we have found your ideal business premises you will need to update and tailor the plan with business specifics. Along with our financial partners, we are here to help you with this.

#### 5. Valuing a business

When buying a business you want to know what the business is worth. There are several valuation techniques used for valuing businesses, the approach taken will depend on the size of business and the information available. However where the business is an ongoing concern Business Transfer Agents will generally use the 'Profits Method' of valuation. As its name suggests the key baseline for this valuation is the net profit produced by the business, usually taken from the past 3 years of accounts. This figure is then adjusted to take into account any depreciation, outstanding loans and non-standard/one off payments which is then multiplied by a 'market factor' applicable at the time of valuation. The valuation of businesses that may include the freehold e.g. hotels, guesthouses and often pubs is more complex, although the profits method is still generally used.

There are many considerations that should be taken into account when valuing a business. At My Business Find we use the same considerations to negotiate the best possible price and on the best terms.

#### 6. Due diligence

Sadly this is where a lot of deals fall down. Due diligence checks may not have been performed thoroughly and many buyers feel a lot of their questions of sellers and brokers are being unanswered. However with My Business Find at your side we can ensure your concerns are looked after. Many of the due diligence checks are conducted well before an offer is made, thereby avoiding time wasting and additional professional costs. However, once an offer has been accepted a period of time is allowed for further detailed 'due diligence'. This allows the buyer and their professional team to further appraise the business on offer.

At this point Solicitors will be appointed to deal with the purchase, who amongst other things, will be responsible for the transfer, creation & validation of the business sale and lease documents. These are critical documents that spell out exactly what's for sale, the terms of the sale and responsibilities upon which you and the Landlord will be committed under the lease. In most cases where a Business Transfer Agent or Broker is acting for the seller, a deposit will be required from the buyer, to show their commitment to the purchase.

My Business Find can recommend a Solicitor to you from one of our preferred partners who specialise in business transfers and commercial leases and freehold purchases. If your purchase includes freehold premises, we would also recommend that an independent survey and valuation is conducted, even if a lender is also carrying out their own survey and valuation, at your expense. Remember these costs may well be offset as any concerns and defects raised could be used to assist during negotiation. Again we can recommend and/or arrange for a qualified surveyor, experienced in the commercial sector to survey the premises.

You should be aware of how many staff, if any, will be transferring to your care, their details and what existing employment contracts are in place.

At this point it is advisable to sure up your business plan based on your chosen business. This will provide you with greater clarity as to your business objectives and, if required, the exact financing required from the bank and any start-up help required.

## 7. Arranging Finance

Before embarking on your business find you will need to have clearly understood how much capital you have to invest. Once your ideal business has been found, should you not already have funds in place, we can provide you with assistance in raising finance through one of our recommended finance partners. When raising finance Banks like to see commitment from you also. In many cases you would be required to have a minimum deposit of 15-20% of the purchase price.

Our comprehensive Buyers Report on your chosen business will contain much of the information the bank/finance provider will need to know about the business, thereby improving your chances of obtaining finance. In addition lenders will generally require:

- accounts for the last three years
- financial projections - if no accounts are available
- details of your personal assets and liabilities

## 8. Negotiation

Negotiation requires a careful tactical approach, not only to obtain the best possible purchase price but also on the best available terms. Unlike a residential property there are many variables to take into account when purchasing a business. Many will assist as key bargaining points during negotiations.

Before completing the sale, where appropriate we will try to negotiate an overlap period with the seller so you have time to become familiar with the business before fully taking over.

Remember we only act for you the buyer and our final fee is largely dependent on us negotiating the best discount we can off the asking price and obtaining the very best terms for you.

## 9. Completion

For your purchase to succeed certain conditions of sale are required prior to completion:

- transfer of the existing lease or creation of a new lease.
- transfer of contracts/licences
- transfer of finance
- transfer of existing or new VAT registration

## 10. You are in business

The first few months of operation are often the most challenging. You may have taken on existing staff or you may require new staff, want to change suppliers, review operational procedures or start a marketing campaign. If you have bought a business it is usually wise not to make too many changes too quickly but at some point you will want to make improvements and make the business your own.

Above all else My Business Find want to match the right people to the right businesses and give buyers the confidence to make the next step. We also want your business to be a success and are there to help you after the sale has completed.

We have great partners in the industry and if you need help with recruitment, a start-up loan, new suppliers, a specialist accountant or marketing, to name but a few then we are here to help.