



## Dispelling Three Business Buyer Myths: What Do They Really Want and Why?



### *Myth Number One*

It's a faulty assumption that prospective business buyers know from the outset the exact kind of business they want to buy. Experienced business advisors and intermediaries have learned that most business buyers end up with what is sometimes a far cry from what first captured their imagination.

Take, for example, the old story of the buyer who saw (and probably smelled) a doughnut shop in his dreams. This was the business he was sure he wanted to buy - until he found out that someone, most likely him, had to get up at 2 a.m. to make the doughnuts a reality.

It is important that, before falling in love with a business dream, prospective buyers understand the realities and think hard about their own personalities - what they like and hate to do. Obviously, if one likes a good night's sleep, the doughnut shop is not a good business to go into.

In discovering the right business for the right personality, here are some of the crucial questions a prospective business buyer might ask himself or herself: Does the business look exciting and interesting to me? Do I feel that I can improve the business? Would the business offer me "pride of ownership"? Would I feel comfortable operating the business?

### *Myth Number Two*

Another old chestnut is that buyers will always choose the known versus the unknown. And it's true that some buyers may think they want the familiarity that comes with buying a business similar to the company they just left. However, the following real-life examples show what interesting turns the road to buying a

business can take:

A former General Manager for one of the world's largest computer companies purchased a restaurant. He's leaving gigabytes behind to become an expert on cost of sales for food.

An attorney who was formerly General Counsel for a large investment banking firm purchased the rights to a educational school. With his investment into this business, the attorney has switched from high finance to the advancement of children's appreciation of education through hands-on advancement for children.

A Human Resources manager for a large investment firm acquired a retail concept offering gift items (e.g., unique gift baskets, cards, and flowers). In addition, this former manager will also be opening his own retail store for the sale of these items.

And finally, for something completely different... consider the former Manager for a Fortune 500 manufacturer who purchased a Carpet Dyeing business! This final example also points to another false assumption: that former big-business manager can't shake off the craving for status or image. In fact, surveys show that victims of corporate downsizing are willing to "get their hands dirty" and that they do not necessarily need to be a company's CEO.

### *Myth Number Three*

Another wrong theory about buyers is that money is the key motivator in their seeking to own their own business. In fact, if money is a buyer's main reason for desiring to own a business, a wrong-move alarm should go off before things go any further. Most

studies indicate that money is somewhere below the midway point of the list of reasons people are interested in a self-owned business. Those who go into business for themselves and/or buy a business want to run their own show, be their own boss and build something for themselves. Money is the by-product (hopefully) of having the opportunity to achieve business success on their own terms.

A recent newsletter from a franchise consulting company contains comments from people who have just purchased franchises. These people provide resounding proof that money is not a major motivator. With franchises, they point out; money can't be an issue, because a new franchise has no income, only the promise of it. If money doesn't provide the driving force behind buying a business - what does?

The following survey shows the real reasons for wanting to be a part of the independent business scene:

1. *Pride in service or product,*
2. *Control,*
3. *Freedom,*
4. *Flexibility,*
5. *Self-reliance,*
6. *Customer contact,*
7. *Income,*
8. *Employee contact,*
9. *Recognition,*
10. *Privacy,*
11. *Security,*
12. *Status.*

No matter what the reason for buying a business and regardless of the type of business desired, savvy prospective buyers seek help from a business intermediary throughout the buying process. Although business brokers generally represent the seller, the buyer also reaps the benefits of expert guidance. The business broker will show the buyer businesses that fit the profile of the buyer's dream,

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