



# BUYING A BUSINESS

## FAQ

### **Why should I buy a business versus just starting a business from scratch?**

Ideally its best to buy an ongoing business. Generally it is easier to purchase a business that is already operating versus starting a business from scratch. The capital outlay may be less for buying a business than starting one. Lastly, you will buy into automatic revenue rather than a business start-up which may take a longer time.

### **What business should I buy?**

A buyer should first take inventory of their education, experience and skills to narrow down which type of business they will buy. The next step is to search for that type of business and analyze if you see yourself owning that business. If you decide to buy a business outside of your comfort zone make sure the seller will train you after closing.

### **How much should I pay for a business?**

We recommend that you determine how much money you have to buy a business, how much money you want to make and how much money you have for marketing and operations for post-closing. This information will be critical to determine what the sale price range will be.

### **How long does it take to find a business?**

Two factors drive the answer to this question: is the buyer actually ready to buy and is the type of business the buyer is looking for listed for sale. In general, it could take between 3 months to 12 months to find a suitable business to buy.

### **Once I find a business, how long will it take for me to buy it?**

It could take between 30 days to 90 days to close on the purchase of a business.

### **How do I get information and documentation to determine if I want to make an offer?**

Before any information or documentation is release, the buyer will always have to buy a confidentiality/NDA agreement.

### **How can I finance the purchase of a business?**

You can pay cash at closing, line of credit, bank loan, SBA loan or seller financing. Seller financing is where the seller will extend a loan to the buyer for a percentage of the purchase price.

### **Will the seller help train me after I buy the business?**

Almost always the Asset Purchase Agreement will have a clause stating a Seller has to train the buyer post-closing anywhere between 1 to 6 weeks.

### **Should I use a business broker to help me buy a business?**

Yes! Doctors treat patients, Chefs cook food and business brokers help sell or buy businesses. At Tempus we have extensive experience in assisting buyers find a business, negotiate the sales price, due diligence, closing and post-closing. Don't go about the process alone.

### **How much will a business broker charge me to help find a business?**

Generally a business broker does not charge a buyer to buy a business. The seller's broker will pay the buyer's broker fee at closing. Under certain circumstances a business broker may charge a fee to locate a business.



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