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Business Buying and Selling – It's Not Like a Rube Goldberg Contraption

There's an incredible YouTube video from the band OK GO for their song "This too shall pass." It's four minutes of a Rube Goldberg contraption doing its thing in a warehouse

(<http://www.youtube.com/watch?v=qybUFnY7Y8w>).

BTW, there is a whole "culture" where people create videos of Rube Goldberg contraptions, just search for them on YouTube.

Too often we make things more like something from Rube Goldberg than by adhering to Ockham's Razor, which is, "The simplest solution to a problem is probably the correct one." When looking at buying, selling or growing a business here are some quick tips to keep you more in line with Ockham than Goldberg.

Buying a Business

Business buyers need to be:

1. Open to businesses they've never heard of (the type of business), have and implement a search system, define basic criteria and be diligent in implementing their system.
2. Qualified for their target type and size of business. This means have enough money, the right skills and be personable so you can build a relationship.
3. Optimistic, not just about his or her abilities but also about the opportunities the business offers. Successful buyers do deals quicker when they see where they can make positive changes. At the same time they can't be blinded by "potential" and have to realize there are no perfect deals and no perfect businesses.

Business Selling

Business sellers must:

1. Know who their logical buyer is. Is it family, management, a private equity group, a competitor or John or Jane Doe corporate executive?
2. Be ready at all times in case a great opportunity to sell comes along unexpectedly. This means have systems in place, solid financial systems and accurate financial statements, a good marketing program in place, a low dependency on the owner, etc.

Buying a Business

This information will help you better understand the role of a Business Buyer Advocate.

Rube Goldberg and Business

3. Know how they are going to market their business for sale. Will it be a broker or investment banker or by themselves? A good broker is worth much more than their fee if they create buyer competition and get a higher price and/or more cash at closing than without them.

Growing a Business

Want to simplify the process of growing your business? Then consider:

1. Concentrate on top line growth. Create a culture that has everybody always marketing and selling.
2. Manage costs but realize you can only cut so much and if you go overboard the employees' morale will deteriorate. This means share the wealth as sales increase.
3. Have faith in your people. Share your vision and plans. Trust and use your people, building on their strengths and delegate more so you can concentrate more on strategy, vision and whatever else you enjoy doing.

Conclusion

Regarding the last point: Recently a client came to the revelation that when he shared "Why" he wanted certain goals met the employees were more motivated to meet those goals. In the past he made things very complicated and confusing. Nobody knew any reasoning behind his "Motivational talks." Keep it simple and above all, take action.

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