

Shortcut To a Tree-Change

By Michael Kerr

The likelihood of finding the right business on the market (via a business for sale website), in the ideal location, at the same time you are ready to buy, is remote.

The most powerful way to increase your chances of finding the right business is to approach business owners directly. If you see a business you think would suit, find out who the owner is and contact them. Do it discretely however, so you don't make them or their staff feel awkward. If you can make them comfortable that you are genuine in your interest, you'll be amazed at how many will open up and entertain a discussion around selling their business.

Based on my own experience, I estimate the hidden market – those that aren't formally for sale but would entertain a discussion – to be four to six times as big as the advertised market. Identifying the businesses that might be for sale is the easy part. Doing your evaluation and working out the right price and the right deal structure is far more challenging and time consuming. If you are serious about making the tree change, be prepared to invest time, energy and money. Finding the right business needs to become your part-time job.

How do I save time?

Be clear about what business you are after i.e. industry, size etc. Spending time on 'interesting' businesses that don't fit with your skill sets might be fun, but ultimately not productive. Be explicit with that information you need from the owner (or their accountant) of the business.

How do I conserve my energy?

Don't get attached to a business too quickly. Remember your criteria, be prepared to move on and have at least one other independent party, who understands your objectives and can discuss the business opportunity with you.

How do I save money, with regard to the cost of finding and evaluating the business?

Good professional advice is essential, provided it's at the right time and you have briefed the advisor on exactly what you want, to avoid them giving you advice you didn't want or ask for.

Good luck with your search!

michael.kerr@kerrcapital.com.au



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