

What Kind of Buyers are You Most Likely to Meet?

Selling a business can be an exciting and rather lucrative time. But going through the sales process means embracing the notion that you'll have to be very prepared for whatever might be thrown your way. A key aspect of preparing to sell your business is to know what types of buyers you're likely to encounter.



It is only logical to anticipate the types of buyers you may be dealing with in advance. That will allow you to plan how you might potentially work with them. Remember that each buyer comes with his or her own unique desires and objectives.

The Business Competitor

Competitors buy each other all the time. Frequently, when a business is looking to sell, the owner or owners quickly turn to their competitors. Turning to one's competitors when it comes time to sell makes a good deal of sense; after all, they are in the same business, understand the industry and are more likely to understand the value of what you are offering. With these prospective buyers, a great confidentiality agreement is, of course, a must.

Selling to Family Members

It is not at all uncommon for businesses to be sold to family members. These buyers are often very familiar with the business, the industry as a whole and understand what is involved in owning and operating the business in question. Often, family members are prepared and groomed years in advance to take over the operation of a business. These are all pluses. But there are some potential pitfalls as well, such as family members not having enough cash to buy or not being fully prepared to run the business.

Foreign Buyers

Quite often, foreign buyers have the funds needed to buy an existing business. However, foreign buyers may face a range of difficulties including overcoming a language barrier and licensing issues.

Individual Buyers

Dealing with an individual buyer has many benefits. These buyers tend to be a little older, ranging in age from 40 to 60. For these buyers, owning a business is often a dream come true, and they frequently bring with them real-world corporate experience. Dealing with a single buyer can also help expedite the process as you will have fewer individuals to negotiate with.

Financial Buyers

Financial buyers are often the most complicated buyers to deal with, as they can come with a long list of demands. That stated, you should not dismiss financial buyers. But just remember that they want to buy your business strictly for financial reasons. That means they are not looking for a job or fulfilling a lifelong dream. For financial buyers, the key point is that your business is generating adequate revenue.

Synergistic Buyers

A synergistic buyer can be an excellent candidate. The reason that synergistic buyers can be such a good fit is that their business in some way complements yours. In other words, there is a synergy between the businesses. The main idea here is that by combining the two businesses they will reap a range of benefits, such as access to a new and very much aligned customer base.

Different types of buyers bring different types of issues to the table. The good news is that M&A Advisors and Business Brokers know what different types of buyers are likely to expect out of a deal.

About CK Business Consultants, Inc.:

CK Business Consultants, Inc. has been dealing exclusively in the sale and acquisition of petroleum and propane related mid-market companies since 1976. We are qualified, experienced, and highly professional intermediaries working with both buyers and sellers in the successful transfer of business ownership. We handle all phases of the project including initial analysis, valuations, developing a confidential information memorandum, locating qualified buyers, negotiations, and execution of the transaction. For more information, please call or email Gary Papay @ 570-584-6488, gpapay@ckbc.net or visit our website @ www.ckbc.net.

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