

## **Examining the Mind of the Serious Buyer – 5 Points to Consider**

Are you looking for a way to perfect your presentation? Understanding what the typical serious buyer wants will help you get your business ready for selling.

Let's turn our attention to looking at what these types of individuals and entities really want. After all, your time is precious.



### **1. An Interest in the Industry**

First, prospective buyers will want to have a better understanding of your industry. Any serious buyer will want to understand the industry as a whole, as well as your existing customers, prospective customers and the strengths and weaknesses of your business. Key factors, such as threats from competition, will also be a major factor for prospective buyers.

### **2. Seeking Knowledge about Discretionary Costs**

Secondly, expect buyers to take a long look at discretionary costs. Sellers will often look to reduce their expenses in a range of discretionary areas including advertising, research and development and public relations; this is done to help make a business appear more attractive to a buyer. However, it is important to note, that a savvy prospective buyer will notice reduction in discretionary expenses.

### **3. Inquiries about Wages and Salaries**

Wages and salaries is another area that receives attention from buyers. If your business is paying minimum wage or offers a limited retirement program then employee turnover is likely to be high. Buyers may be concerned that employee stability may be low, which, of course, can potentially disrupt business.

## 4. Questions about Cash Flow and Inventory

No serious buyer will ignore the issue of cash flow. Any prospective buyer will want to know that the business they are considering buying will continue to generate profits both now and in the future.

Inventory is another area that will not be ignored. If your business is carrying a large amount of antiquated, unsalable or simply unusable inventory, then expect that to be factored into a prospective buyer's decision-making process. It is best to disclose such inventory instead of hiding it, as it will be discovered during due diligence.

## 5. Seeking Capital Expenditure Details

Finally, capital expenditures will be examined by buyers. You can expect buyers to carefully evaluate machinery and equipment to ensure that there will be no expensive surprises looming on the horizon.

These five areas are definitely not the only areas that buyers will explore and investigate. Everything from financial agreements and environmental concerns to government control will be examined in depth. You should invest some time thinking about the situation from the perspective of a buyer, as this will help you discover many potential problems and try to secure viable workarounds. Working closely with an M&A Advisor will help ensure that you successfully anticipate the needs of buyers.

*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](mailto:gpapay@ckbc.net) or visit our website @ [www.ckbc.net](http://www.ckbc.net).