

5 Questions to Ask Yourself Before Buying an Existing Business

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If you're a working professional with a smaller nest egg than you'd like, you're not alone. A lot of late career workers are behind on retirement savings, and buying an existing business is a great strategy to catch up.

That said, some are more suited to this option than others. You might be better off investing in real estate, or starting a business from scratch. Here are 5 questions you should ask yourself before buying an existing business to see if it's the right strategy for you.

Are there many potential businesses near your home?

Where you are can completely determine what kind of private business you can buy, if any. So before you dive too far into the idea — is there a ready supply of potential businesses in a 20-mile radius of your residence?

If not, there are other solutions. You could move — a great opportunity if you're planning to downsize anyway, or think about buying an existing business online. Online businesses are a great opportunity because they can compete in goods and services with much lower overhead or initial investment.

Established businesses being sold by an aging owner can be purchased with terms and lower the risk and the upfront investment. There are lots of online marketplaces like [Empire Flippers](#) and [FE International](#) that can help you find the right opportunities.

Do you have any knowledge or interests that can help you succeed?

If you have any interests or knowledge that can help you in your business venture, they can be a deciding factor in what type of business you buy. Rack your brain and your spouse's to determine what your assets are. Are these traits helpful for business management in general or a specific type? Could they be considered principal drivers of success as a business owner?

There are many opportunities out there to own a private business and succeed. But competition is steep, so you need to find an edge.

Which business tasks are you equipped to take on?

Your skills and work background will also help you determine what kind of role you could play at a private business. Maybe you have a background in operations or other back end activities you can leverage. Or maybe you have sales experience that can boost front-end operations.

If you decide you'd be an asset to one area of your business, then you need to decide how you'll fill in the gaps in other areas.

Is there someone to help you execute this successfully?

One benefit of buying an existing business is that you don't have to start from scratch. But that doesn't mean you won't need help to make it flourish and succeed. Without proper talent to help you, you just bought another job!

That's why it's highly advisable to have a spouse or family member who can help you tackle business tasks. If you don't have someone else to help you, you should probably consider creating a business partnership with another professional. This means you'll need to hammer out the details of your relationship, such as how to split assets, before anything else begins.

Will owning a private business actually make you happy?

I know a lot of people who are disenchanted with their corporate job. They're behind on retirement savings and want to break away from the 9-5. And they think they can succeed by buying an existing business and running it on the side to eventually get what they want.

I think this is a great idea, but only if owning a private business is actually going to make you happy.

Running a business is hard work. Only [1/3 of small businesses](#) make it past the 10 year mark. If you're switching from an unhappy corporate career to an unhappy business ownership, you probably don't have the enthusiasm you need to succeed.

So before you start searching for potential business, take a hard look at what you want out of life. Be honest. If buying an existing business is only a means to an end, then you should probably back away.

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