

A high-angle, slightly blurred photograph of three business professionals in a meeting. A woman in a dark suit is leaning over a desk, looking at a laptop. Two men in light-colored shirts are looking down at the desk. The scene is brightly lit, creating a professional and collaborative atmosphere.

Finding the Right Business

Presented by Richard Parker, Diomo Corporation



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David Nilssen

Founder, Guidant Financial Group

- 2007 SBA Young Entrepreneur of the Year
- 2007 Top 40 Entrepreneurs Under 40, Biz Journals
- 2008 & 2009 Ernst and Young Entrepreneur of the Year, Finalist

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Richard Parker
Founder



www.Diomo.com

- Author
- Broker
- Entrepreneur
- 20 years of Industry Experience



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The Statistics

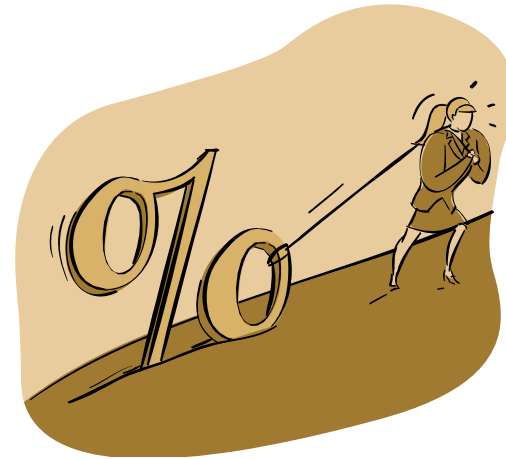


- 90% never buy
- 18 months looking
- 80% don't sell
- 50% fall apart in due diligence



Why 90% Don't Buy

- First time buyers face too many new critical decisions
- Wanting to buy vs. needing to buy
- Too simple an option on the path of unemployment
- Costs nothing to look
- Naysayers are everywhere!



Most Spend 18 Months Looking



- Looking is “too easy”
- Hundreds of thousands of businesses listed for sale
- Internet is a blessing and a curse
- Where is that “perfect business”?



80% Don't Sell



- Overpriced
- Problems
- Not positioned to sell
- The assets leave at 5pm – can't transition



50% Fall Apart in Due Diligence



- Sellers cannot prove their numbers
- Hidden problems
- Customer/supplier concentration
- Too many unanswered questions = cold feet



What Are You Searching For?



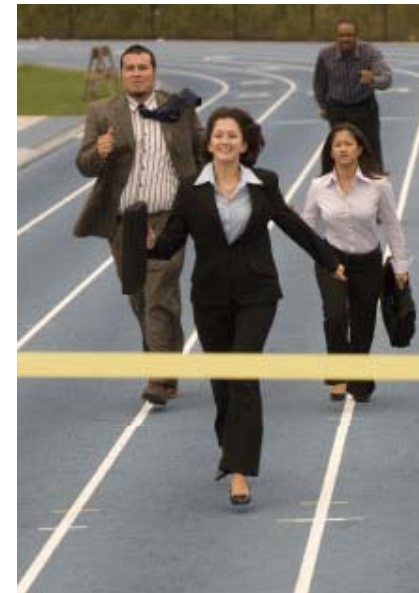
- Need to set parameters – is it location, type, lifestyle, profit?
- Type is priority #1
- What restrictions do you have – hours, travel, etc.
- Growth or sustainability – what is more important? Can you have both?



What Type of Business is Right?



- “Whatever it is that you do best...”
- Get third party feedback – spouse, boss, co-worker, clients
- Skills vs. experience
- Dreaming or Hallucinating
- Profit NOT product pays the mortgage



Five Golden Rules

- What any business must have in place for you to consider buying it
- Cannot be arbitrary “I want to love my work”
- Focus on fundamentals and attributes
- My Five Golden Rules
- Make your own – may evolve but must crystallize quickly
- The right business is the destination, the Five Golden Rules is the GPS



Pick 5

- Pick 5 categories x3
business= 15 opportunities
- Visit and analyze each over
the next 45 days
- Which ones subscribe to
Your Golden Rules
- Eliminate categories and
repeat



The B.O.S.S. Theory

- **B**land – “Flies under the radar” and is less vulnerable to mass competition
- **O**perationally Sound – Fundamentals in place (not a turnaround)
- **S**ustainable – No looming threats that could severely impact retaining the historical financials
- **S**calable – Identifiable growth opportunities



The Open Market

- Great starting point but not necessarily ideal
- The availability of businesses for sale hurts most people
- Cannot buy a business from an ad – get more information



Business for Sale Databases



- **The Good** – lots to look at, compare and granular searching
- **The Bad** – info meaningless and don't learn much
- **The Ugly** – any garbage can get posted
- The key: if it piques your interest find out more
- Avoid the “too quick to click” syndrome



Most Inquiries Never Get Answered



- Brokers and sellers are besieged with inquiries
- Buyers ask the dumbest questions
- Only three things to note in your inquiry



Business Brokers



- Who do they really represent?
- Agenda may not be in harmony with the buyer
- Excellent resource but only part of the puzzle



The Private Market

- Majority of sales transacted here
- Getting the word out
- Direct searches work when targeted – that is why “Pick 5” is key
- How to approach them – directly and through professionals
- Search firms



Summary

- The right business for you is EVERYTHING – cannot undo the wrong one. Be honest with yourself!
- Switch from “wanting to needing”
- Develop your Five Golden Rules
- Meet sellers!



Thank you for Attending



- Richard Parker
- www.Diomo.com



- Guidant Financial Group
- Toll-free: 888.472.4455
- www.GuidantFinancial.com

Next Webinar

How to Accurately Value a Small Business

Feb 24th @ 10a PST

