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REASONS WHY YOU SHOULD BUY A BUSINESS NOW

We are living through an unprecedented time in our economy's history. But it doesn't mean that we haven't been here before. Having tracked buyer and seller activity for the last 25 years, we have only noted three or so times when the marketplace favored the buyers. After 9/11, at the beginning of the Great Recession (2009-2010) and perhaps after a few natural disasters that were more regional in scope.

Each of those time periods have one thing in common: they were extremely short in span. I believe we are in one of those rare buyer's markets and now is the time for potential buyers and acquisitive companies to get serious. Here are 10 reasons why:

- 1. The supply of sellers will grow.** There should be a lot of businesses coming to the market as they are unable to survive in this environment or the individual owners are unwilling to weather this crisis. Baby boomers needed to retire before this crisis; now they may simply have no choice.
- 2. Prices will be down, albeit somewhat temporarily.** Soft 2nd quarter numbers, bigger supply of sellers, and overall recessionary fears should drive down prices. Prices could be 50% of asset value or less for businesses looking to liquidate. However, if revenues and profits return quickly, the bargains may disappear. Now may be the best time in our lifetime to purchase a business. Waiting will undoubtedly cost you money.
- 3. Sellers may be very flexible in providing financing if the businesses cannot be financed through traditional methods like the SBA programs.** In order to get values that are in line with their 2019 expectations, earnout provisions or contingent notes could help bridge value gaps between buyers and sellers.
- 4. The SBA is waiving fees and will pay your first six payments for loans granted through September 27, 2020.** This is an incredible bargain and absolutely should be taken advantage of by anyone that qualifies.
- 5. You can get money from your 401k without penalty.** Again, another incredible opportunity that is not usually available. And there may be more tax programs and incentives encouraging buyers to spend money.

6. Interest rates are at an all time low and the ability to leverage yourself is at an all time high. Thus far, move values have not dropped, therefore your ability to take a home equity loan to buy a business is still a great option.

7. Commercial real estate may be plentiful due to increased vacancies. Landlords may be willing to bargain. Even on existing leases, you may find that you can renegotiate long term lease terms. And this usual "pain point" in deals may be easier to navigate as landlords have been unwilling to bargain for almost a decade.

8. You don't want to go back and work for someone else. Especially if you know you'll be the first to go when times get tough again. For many millennials who are in their 20's and 30's, it may be time to take control of their future and invest in yourself!

9. You own a company and now is the time to expand it! There may be competitors that go out of business, and there could be a great opportunity to buy assets like equipment, inventory, customer lists, websites, and more to build your business now and into the future.

10. There will be reduced competition in many marketplaces as some businesses will not survive. You can fill the gap by buying an existing business or even opening a new franchise and replace and grab that market share.

Again, the window of opportunity will be brief. We all know this crisis will end; it's just a matter of time. And experts often say it is very hard to time a market, but this may be one of those few times where you know business growth is inevitable and opportunities abound.

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