

Step 2 PREPARATION



Amongst the most common reasons for buyers not proceeding with a purchase is their inability to understand the business, clearly assess its benefits, comprehend the range of skills needed to run it, and appreciate its current state and any associated risks.

So how do buyers make a decision? Just as you are working through this seven-step selling process, buyers go through a similar seven-step process. Buyers may not even be aware of this, however most people that have purchased a business will have undertaken all the steps in one form or another. The steps are:

1. **Market Research**
2. **Business Investigation**
3. **Offer**
4. **Negotiation**
5. **Due Diligence**
6. **Purchase (or Purchase Decision)**
7. **Takeover**

BUSINESS BUYING LADDER

**7 Steps: 6 Questions:
4 decisions**

To understand what happens during each step, imagine it as a stepladder that the buyer climbs. The first step is market research and the last step is the takeover of the business. To reach the takeover step, the buyer has to climb every step in between. The following picture illustrates this process.

