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Why should you buy a restaurant today? - by Dennis Serpone

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Dennis Serpone

WHAT A DIFFERENCE A FEW MONTHS AND A PANDEMIC HAS MADE.

A few months ago, one of the biggest problems that restaurants had was finding enough staff...both front of the house and the kitchen. Buyers didn't want to deal with that problem. However, today, under the present circumstances, there is a rise in the number of prospective buyers looking for businesses for sale. Most people dream of owning their own business, being the boss, setting the rules, controlling their lives, and earning for themselves. Today, there's no reason to start a business because there'll be plenty of restaurants that will be available at bargain prices. The phones have already begun ringing. As restaurant specialists, those food operators who will not be able to reopen have been seeking us online. The multitude of quality buyers typically have \$50,000 to \$250,000 in cash. With the Small Business Administration flush with 'cash', those SBA aligned banks are throwing money everywhere to help a recovery get a foothold.

There is no better time than today to pursue your dream of owning your own food business..

Why should you buy a business now?

1. Once this health debacle subsides, people will go back to their old habits of eating and drinking at their favorite pubs, restaurants and local hang outs.
2. There's a movement to lower the drinking age to 18 years old and to bring back Happy Hour. Almost every other State recognizes the profitability and tax benefits of catering to the casual drinker.
3. Former customers didn't disappear. They've simply quarantined. When the floodgates open, it'll be business as usual...socializing, celebrating, and eating at your favorite restaurants will be back. Buying an established business with records of previous cash flow, proven systems, and a good reputation is less risky than starting a new business.

4. The risk of business failure is lower since the cost for buying a business that has survived this crisis will be significantly less than immediately before.
5. Established restaurants are already known to the community. You don't need to re-introduce your food sector or menu because the public is already familiar with the brand or image of the company. Even though we're living through somewhat of a hic-up, most surviving restaurants will pick up the customers of those failed operations. It is an advantage to buy a business that had been in operation for some time in the same location.
6. Your restaurant broker is in the unique position to extricate a financially troubled owner from potential ruin and inject new enthusiasm, a fresh investment, and unbridled optimism with a new owner.
7. It can be assumed that the staff of employees previously working there will be back. They're familiar with the internal workings and systems of the company, with most well-trained and knowledgeable in the operations of the business.
8. In buying an existing business, marketing, sales and operating systems were already in place and working. It took trial and error and many months or years to fine-tune the sales and marketing, order of procedures, accounting, payroll, operations and inventory systems that are behind the success of any business.
9. Seller-financing is a part of almost every purchase. In buying an existing business, the seller typically acts as 'the bank' providing a mortgage of sorts. The seller would not take that risk if the business couldn't sustain the existing operation structure or the experience and proposed changes of the new owner. Existing businesses are considered safer investments whereas start-up businesses are deemed risky.
10. As a result of the trillions of dollars that the government is throwing at a recovery, interest rates are low...and some recovery grants will be forgiven.

Now is the best time to sell your food and beverage business. Buyers have cash but soon there'll be a lot more sellers than buyers as the economy recovers. Don't be the last man standing.

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