



50 Reasons Business Buyers Buy

No matter the [business-for-sale situation](#), there will eventually be a [business buyer](#) and always a [business seller](#). Both parties to the process have reasons to complete the transaction. Both parties need to clearly know the other's reasons and priority of each reason to make the deal happen.

A [business buyer](#) can never assume the seller always knows why he is [selling his business](#). Sometimes the seller's intentions need to be systematically developed by the [potential buyer](#) via a well planned and probing interview of the seller. Not only does the buyer need to eventually define all the seller's motivations, but the buyer must be particularly tenacious to understand the seller's priority of each communicated reason to sell. A [business buyer](#) should never consider [purchasing a company](#) without a complete understanding of why the [business owner\(s\)](#) want to sell.

Below is a comprehensive list of reasons why [professional business buyers](#) purchase companies. This list is from the [business buyer's perspective](#) – NOT THE SELLERS. Buyers generally have more than one reason to purchase a specific company, so a combination of any one of these justifications would typically apply.

Obviously, [business sellers](#) and their representatives need to thoroughly understand what specific reasons a buyer wants to purchase their company and be able to accurately put a relative weight to each purchase reason to maximize their negotiations with the [potential buyer](#).

FINANCIAL

- Obvious, and sometimes not, [favorable company purchase price](#) or transaction terms
- Buyer is required to invest \$ in [acquisitions](#) - buyer is an established \$ equity fund
- Access to seller's government \$ financial incentives
- [Availability to leverage seller's](#) "hard" assets for easier company purchase financing
- Ability to secure seller's eminent \$ tax credits or accrued \$ losses
- To gain contracted revenue streams vs cyclical
- Immediate ability to Improve buyer's [profit margins](#) - move mfr to SE Asia

- Buyer's Intention to buy seller with immediate justification to resell for profit
- Attain [vertical integration](#) within buyer's organization structure
- Leverage buyer's proven company "turn-around" abilities
- Improve buyer's public traded stock value or their investor's \$ returns

STRATEGIC

- Improve buyer's current targeted market(s) share
- Increase buyer's [market share](#) within rapidly evolving new market(s)
- Augment buyer's geographic coverage - expand current distribution network
- Enhance buyer's global market presence
- Acquire key targeted customers from seller
- Improve buyer's overall customer quality: loyalty - size - credit worthiness
- Diversify buyer's revenue source mix - manufacturing vs. services
- Diversify buyer's targeted customer classifications - B2C or B2B
- Acquire seller's patents or Intellectual property - enhance buyer's technological advantage
- Obtain seller's proprietary database(s)
- Eliminate a buyer's key competitor
- Take over seller's unique certifications or licenses
- Establish exclusivity - products, services, markets, technologies
- Add to buyer's existing product or service offerings
- Obtain key required talent - seller's individuals or teams
- Improve buyer's R & D, Design, Customer Service, Marketing capabilities
- Reduce buyer's existing product life cycles - from one time purchase to more purchase renewables or product consumables
- Lower buyer's price elasticity of consumer demand - less purchase dependency on price - less "commodities"

CIRCUMSTANTIAL

- Buyer ego enhancement - very common
- Increase control of seller company - to purchase more equity
- Increase buyer's immediate production capacity
- Buyer coming off a catastrophic event
- Geo-Political justification(s)
- Reduce buyer's customer revenue concentration
- Establish immediate infrastructure - versus buyer building same
- Recapture immediate lost buyer market share
- Seller circumstances
- Eliminate pending or existing litigation from same seller
- Reduce buyer's product or service application risks
- Improve buyer's reputation - market status - brand image
- Buyer's patents are expiring
- Buyer's existing technology is becoming obsolete
- Access more finite resources or limited raw materials
- Need to respond to new law or legislation

- Buyer has new and proven leadership talent to leverage new business ventures
- Buyer's product line approval was just terminated - FDA