

Commercial Opportunities Abound

As we all know, there is now and forever will be a continual 'turning over' of business at any point in time.

By this I mean that while there are thousands of new businesses being set up on almost a daily basis, there are an 'equal' amount of business closures for obviously a multitude of differing reasons.

However, in this particular article I am interested in the incredible opportunities that abound for any entrepreneur that is aware of how to capitalize on what sadly is possibly another's misery, being receivership or pre-liquidation management.

Under this scenario, there are a multitude of business brokers, CPA's, other Accountancy and Law firms that are appointed through the Courts to deal with those businesses and persons that can't survive some financial crisis or another.

The ultimate position is that subject to no other satisfactory arrangement the business in question would have its assets put to auction, and the receipts allocated to the evident staff wages, receiver/managers fees, any secured debts, statutory dues, and lastly maybe some creditors might get a few crumbs if lucky.

As all this happens in this effective 'pecking-order' too, the hard facts are that if being liquidated (sold off in pieces) there are generally not adequate funds available from outstanding debtors, asset sale proceeds, or cash on hand to pay other than staff and the receiver/managers.

All very harsh and fairly traumatic no doubt to those caught up in the mess and obviously terribly unfair on both the suppliers that lose their stocks without payment and the ex-business owner that generally loses everything though initial bad planning.

Again, while very harsh on many there are actually ways to extract a viable result for many out of these unpleasant situations that often leave a pile of unemployed too.

Paying attention to media and business selling entities, registering with CPA's etc, there are multiple opportunities that will present themselves with monotonous regularity, and more so during the current economical situation.

If you see a business in receivership early enough, there is every opportunity to negotiate its purchase entirely for an extremely advantaged price, with absolutely trustworthy statements regarding its demise, assets, debt or lease position, staff history, further obligations if any some you can even reject).

While there is no 'going price formula', the point is that the receiver/managers are obligated by the Courts to be done with each case expediently, simply because otherwise runs up costs at an alarming hourly rate that heads now toward \$1000/hour. (no idea how this is ever justified or permitted actually).

Anyway, as one week of delay could account for \$25-\$60,000 a fair stab at a price once all documents are in would be around 20-25% of the real value of the assets listed. There will be the option to continue or renegotiate the lease of course, and possibly superannuation liabilities if you accept these. However, there should be some very fine upsides to this sort of purchase.

Firstly, the entire business is established, has equipment and infrastructure in place, the wiring is fitted and works, the staff or selected are available with some history available, management is on hand, suppliers are lined up if you can pay for what you require and there is a certain buyer base of customers that you know take the output.

If care is taken and the assets real, a simple business case to a leasing company or a bank could have the equipment refinanced for a sum greater than the cost of paying the receivers and you have an already established and running business.

My codicil of warning. Be extremely confident you understand why the business got into trouble and over what period. If sudden it could have been a bad payer or a remote chain reaction if a debtor fell over. If over a period it may be bad pricing, too generous terms, bad quality output slowing payments, inefficient output being unprofitable.

While it will be declared by the receiver/managers before you purchase, a plan must be generated to deal with this before you take over, and a business plan detailed on where you would take the regenerated business.

You would need to gain a commitment from the staff (great opportunity to establish a cooperative work policy) for you to revamp 'their' business with their fullest help and support.

A little homework and some smarts could provide an excellent opportunity for either a long term business adventure or a reset and sell project.

For you to ponder:

The Illogical Logic of Failure

If you go about your life believing deep down that you are not worthy to be where you're aiming, or that you will probably not succeed, the great contradiction in life is that **you will succeed.**

You will indeed succeed in your deep belief that you will fail!

Think about it.

It is not what you want that will come to be, but what you truly believe you can achieve, that comes about.

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