

TABLE 2.1: ADVANTAGES AND DISADVANTAGES OF STARTING A NEW BUSINESS

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none"> You make all the decisions regarding image, location, site plan, employees, policies and the general operation of the business 	<ul style="list-style-type: none"> There is a higher risk and uncertainty with regard to the viability of the proposed business
<ul style="list-style-type: none"> You can structure the business to suit your personal goals 	<ul style="list-style-type: none"> The success of the business is highly dependent on your skills
<ul style="list-style-type: none"> You don't inherit problems from a previous owner, such as poor location, poor image, poor suppliers - all of which may be 'unseen' when buying an existing business 	<ul style="list-style-type: none"> Due to the planning, organisation and implementation required, it may take longer for the business to actually start earning a profit
<ul style="list-style-type: none"> It may be cheaper because you don't have to pay for goodwill 	<ul style="list-style-type: none"> There is no established client base so you will have to build your own
<ul style="list-style-type: none"> You are able to expand the business at your own pace and as the profits allow 	<ul style="list-style-type: none"> It is more difficult to raise finance for a business with no proof of its viability

2. PURCHASING AN EXISTING BUSINESS (NOTE: NOT FUNDED BY NEIS)

Many individuals consider it easier to buy an existing business than going through all the steps required to start their own business. However, purchasing an existing business also requires considerable research and analysis to ensure that what you are buying is a viable concern, and worth the purchase price.

When you buy an existing business you will usually take over that business's premises, equipment, customers, contractual and legal rights, employees, goodwill and any debts. The specific details of the purchase are negotiated by the buyer and seller. Before making the final decision, always have the financial documents thoroughly reviewed by an accountant who understands the specific type of business you are buying.

The advantages and disadvantages of purchasing an existing business are listed in Table 2.2.