Off the Shelf

Buy/Sell Business Strategies Offered in Primer Fashion

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"How to Buy & Sell a Business," by Garrett Sutton, published by Warner Books.

"My poor dad encouraged me to get a good education so I could find a secure job working for a good business. My rich dad did not offer the same advice. Instead he said, 'The richest people in the world learn to buy and sell businesses, not work for them.'"

So begins this installment of the Rich Dad Advisor series, penned by corporate business attorney Garrett Sutton. "How to Buy & Sell a Business" does not reveal insider business strategies or entertain with a plethora of dramatic anecdotes; however, it does provide a tightly-written framework which anyone in the midst of this process should have at hand.

It is a book of checklists, bullet points, action outlines, and review paragraphs—in short, a textbook.

The business novice will be relieved to see that the author used not a shred of lawyer-ese, save for the occasional legal document template. Predictable chapter progression starts with "Before You Begin" and winds up with "Now That You're the Boss."

Each chapter ends with a summary titled "Rich Dad's Tips" which really reveal the elementary level of the book. "Know your strengths and weaknesses before buying a business," is a main point of the first chapter. "It is in everyone's best interest to avoid an IRS audit," is a review point in the chapter on taxation. Stupid-simple things, but a good refresher course for the occasional buyer or seller.

One common thread woven throughout the book is paperwork. From acknowledging "power in the specificity of written goals" in Chapter 1, to formatting a selling prospectus in Chapter 6, to facing a loan committee in Chapter 12, the message is loud: Have your paperwork in order.

As a reader who is not in the midst of a sales transaction, I found myself with buyer/seller whiplash about a quarter of the way through. Maybe if I had a specific goal in mind while reading it would be easier to skim over what didn't apply to my situation, but as a casual student it would have been better reading to have buying and selling as separate chapters—possibly even as separate books.

Each chapter does include a short case study but most are as predictable as the action points: prospective buyer who turns out to be a competitive spy, retiring business owner who bails at the last minute because of an emotional issue, and unethical lawyers who short-circuit transactions.

One interesting point about lawyers (made especially interesting because the author is ratting on his own kind), is that the ones to watch out for may be the ones who are on your side: "Entering into a business purchase transaction, assume that every attorney involved in the deal is a deal-killer. They don't want to make a mistake for which they will be blamed—or sued for malpractice—at a later date."

Sutton gives tips for winning with such people at the table, not surprisingly once again emphasizing the importance of "immaculate documents." He also warns that legal advice is not business advice and you should have many counselors in such a potentially life-altering situation.

For those considering purchasing an industrial-type business such as a rebuilding shop, the most intriguing anecdote is found in the chapter on liabilities. The story of poor Gordon, who is duped into buying a hazardous waste dump site from an unscrupulous Morgan, should send chills up any industrial businessperson's spine. Morgan tricks Gordon into buying her auto body shop's stock, rather than its assets, and by the time he realizes there is 15 years worth of paint thinner in a sump behind the shop, she is sunning herself in Belize. Ouch.

Any owner or prospective owner can benefit from the thorough education and advice offered in this primer. For those considering a change, it presents sound steps to success for the novice or those who want to keep up with their lawyers and accountants. Even if you have no plans to enter the market, it gives a pleasant, academic overview of what a great business should look and feel like.

However, if you just need a good book for the beach, reach for the latest Harry Potter installment instead.