



# SUPERTRAC

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## Purchasers and Risk

Supertrac targets purchasers who place the highest value on the business. They usually have the lowest risk and the most to gain from the acquisition. They understand the industry and may already be a competitor or operate in another location and want to expand into a particular market or technology owned by the target business.

Purchasers must find the right balance of risk and return, taking into account their skills, experience, interests, financial capacity, gearing, drive and determination.

Ways for purchasers to reduce risk:

- Know the industry at least as well as the current owner. Purchasers' risk increases exponentially when they step outside their areas of expertise. If a purchaser is going to enter a new industry, then it is wise to get advice from someone who already knows the industry;
- Have a clear forward strategy; consider both the upside and downside;
- Conduct a due diligence review of the business. It is usual for due diligence to be conducted as a condition of contract.

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