What Happens After You Buy a Business? The First 90 Days as a New Owner

Purchasing a business is one of the fastest ways to become an entrepreneur in South Africa. Unlike starting a business from scratch, buying an existing business provides immediate access to customers, systems, staff, suppliers, and established cash flow.

However, many buyers quickly discover that the real work begins after the sale agreement is signed.

The first 90 days of business ownership are often the most important. During this period, you will learn how the business truly operates, build relationships with employees and customers, and establish the foundation for future growth.

Whether you found your opportunity through a listing site, a business broker, or a private transaction, these first three months can significantly influence the long-term success of your investment.

Before Taking Over the Business

Before officially taking control, ensure that all legal, financial, and operational matters have been properly addressed.

Update Company Information

If you are purchasing a company, ensure that all director and shareholder changes are correctly recorded with the Companies and Intellectual Property Commission (CIPC). Maintaining compliance with annual returns and statutory requirements is essential for keeping the company in good standing.

Review Tax Compliance

Conduct thorough due diligence regarding the company's tax affairs. Confirm that VAT, PAYE, UIF, and other tax obligations are up to date and consult with a qualified accountant regarding any outstanding liabilities.

Understand Employee Obligations

Under South African labour legislation, employees may transfer automatically when a business is sold as a going concern. Employment contracts, years of service, and employee benefits may remain intact after the transfer.

Understanding your obligations before takeover can prevent costly labour disputes later.

Confirm Licences and Permits

Certain licences and permits may need to be transferred, amended, or reissued depending on the industry. This is particularly important for businesses operating in hospitality, healthcare, manufacturing, transport, and regulated sectors.

Secure Banking and Financial Controls

Ensure banking arrangements are finalised before handover. You should also establish financial controls, signatory requirements, and reporting systems from day one.

Month One: Learn Before You Change

One of the biggest mistakes new business owners make is implementing major changes too quickly. The first month should focus on understanding the business rather than transforming it.

Build Relationships with Employees

Your staff members possess valuable operational knowledge that may not appear in any business plan or financial statement. Take the time to meet employees, understand their roles, and identify key team members who help keep the business running smoothly. Creating trust early often leads to better staff retention and a smoother ownership transition.

Understand Daily Operations

Spend time observing every aspect of the business. Learn how orders are processed, how customers are served, how inventory is managed, and where operational bottlenecks exist. The more knowledge you gain during this period, the better your future decisions will be.

Review Cash Flow Carefully

Many businesses fail because of cash flow challenges rather than a lack of sales. Monitor incoming revenue, supplier payments, payroll obligations, and working capital requirements closely during your first month.

Month Two: Strengthen the Foundations

By the second month, you should have a clearer understanding of the strengths and weaknesses of the business.

Meet Key Suppliers

Introduce yourself to major suppliers and confirm trading terms. Strong supplier relationships can improve pricing, service levels, and reliability, all of which contribute directly to profitability.

Connect with Customers

Customer retention is critical after a change in ownership. Reach out to key customers, reassure them about continuity, and demonstrate your commitment to maintaining quality products and services.

Identify Improvement Opportunities

Review processes, costs, and customer feedback to identify opportunities for improvement. Focus on changes that produce measurable results rather than trying to fix everything at once.

Month Three: Create a Growth Plan

Once the business has stabilised, it is time to focus on future growth.

Set Clear Business Goals

Establish measurable goals for the next six to twelve months. These may include increasing revenue, improving profitability, expanding product offerings, hiring staff, or opening additional locations.

Improve Financial Reporting

Every business owner should have access to accurate monthly financial information. Implement accounting systems and reporting processes that provide visibility into sales, expenses, profit margins, debtors, and creditors.

Invest in Your Team

Recognise strong performers and address any performance issues professionally and legally. A motivated team often becomes one of the most valuable assets in any business.

Common Mistakes New Business Owners Make

Many new owners experience challenges during their first 90 days. Common mistakes include:

- Making major changes too quickly
- Ignoring employee concerns
- Failing to monitor cash flow
- Neglecting customer relationships
- Overestimating immediate growth opportunities
- Not seeking professional advice

Avoiding these mistakes can significantly improve your chances of long-term success.

Final Thoughts

Buying a business in South Africa can be an excellent way to achieve financial independence and entrepreneurial success. However, the transition period requires patience, planning, and careful execution.

The most successful buyers take time to understand the business before making major changes. They focus on relationships, maintain strong financial discipline, and create a clear vision for future growth.