

Thinking about being your own boss? Buying any business can be complicated because you may not be familiar with how a business is valued. Keeping the following questions in mind will help you identify the value of a business. They are also helpful questions to ask when comparing similar businesses.

Does the price include tangible assets like real estate, equipment, furniture, etc.? What is the value of the tangible assets and are they in good condition? Does the real estate have curb appeal? Is the location convenient for customers? Does the location make it easy for new customers to find? Does the parking lot support the capacity of the business? Is the business run like a business or is it helter-skelter? Does the business have a good relationship with its supplier base or is everything COD? Are there accurate financial records? Are the sales steady throughout the year or are there ups and downs? Does the owner make money from the business or does the owner have to work another job to support the business? Is the business continually growing its sales or are sales falling? Is there an informative website for the business? Does the business have a large following on social media? Does the business advertise effectively? Is the business established or is it still in the startup stage? Is the business closed? Are the customer reviews positive or negative? Is the competition eroding the business or is the business eroding the competition? Are there many things about this business that makes it desirable to the customers? Are there regular customers? Are new customers repeat customers? Does the public recognize the business as a valued business to the area or is it a nuisance? Does the business give back to the community? Does the business have a strong brand with a logo that is easily recognizable? Are the employees experienced and knowledgeable? Is there a high turnover of employees? Do the employees work to a set of standards? Is the owner selling for a good reason or is the owner trying to get off a sinking ship?

The US Department of Commerce statistics show that 65–90 percent of start-up businesses are no longer in business after five years. If you buy a successful existing business there is a 90–95 percent chance that the business will still be in business after five years.

Make the right choice when you decide to be your own boss!