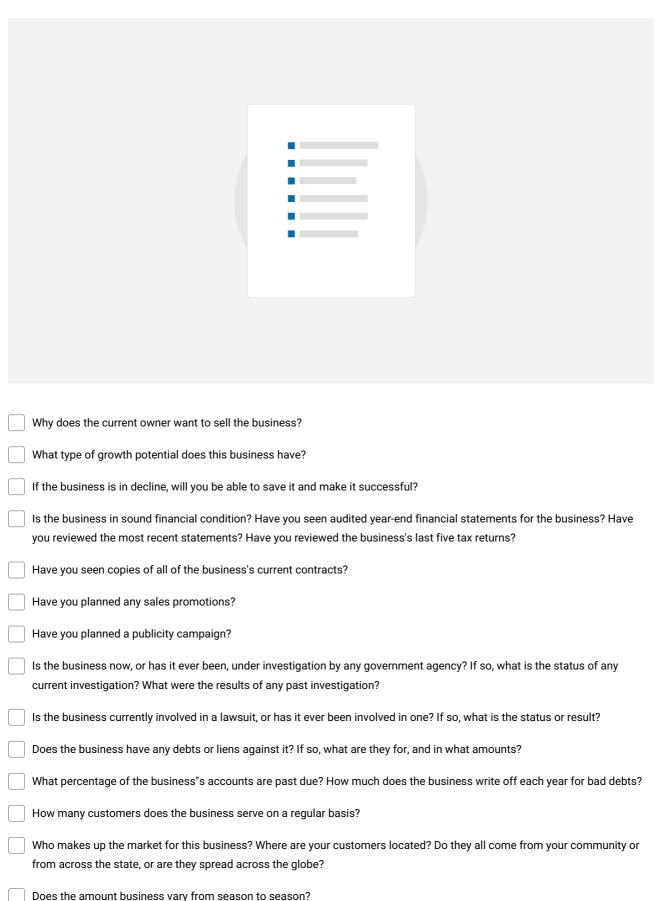
## **Business Evaluation Checklist**

If you find a business you'd like to buy, you will need to consider a number of points before deciding whether to purchase it. Take a good, close look at the business and answer the following questions.

They will help you determine whether the business is a sound investment.



| without this customer? Remember, the larger the customer base is, the more easily you will be able to survive the loss of any customers. If, on the other hand, the business exists mainly to serve a single client, the loss of that client could be catastrophic.  |
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| Does any single customer account for a large portion of the sales volume? If so, would the business be able to survive without this customer? Remember, the larger the customer base is, the more easily you will be able to survive the loss of any customers. If, on the other hand, the business exists mainly to serve a single client, the loss of that client could be catastrophic. |
| How does the business market its products or services? Does its competition use the same methods? If not, what methods does the competition use? How successful are they?  |
| Does the business have exclusive rights to market any particular products or services? If so, how has it obtained this exclusively? Is it making the best possible use of this exclusivity? Do you have written proof that the current business owner can transfer this exclusivity to you?  |
| Does the business hold patents for any of its products? Which ones? What percentage of gross sales do they represent? Would the sale of the business include the sale of any patents?  |
| Are the business" supplies, merchandise, and other materials available from several suppliers, or are there only a handful who can meet your needs? If you lost the business' current supplier, what impact would that loss have on your business? Would you be able to find substitute goods of the appropriate quality and price?  |
| Are any of the business' products in danger of becoming obsolete or of going out of style? Is it a "fad" business?   |
| What is the business' market share?  |
| What competition does the business face? How can the business compete successfully? Have the business' competitors changed recently? Have any of them gone out of business, for instance?  |
| Does the business have all the equipment necessary? Will you need to add or update any equipment?  |
| What is the business' current inventory worth? Will you be able to use any of this inventory, or is it inconsistent with your intended product line?   |
| How many employees does the business have? What positions do they hold?  |
| Does the business pay its employees high wages, or are the wages average or low?   |
| Does the business experience high employee turnover? If so, why?   |
| What benefits does the business offer its employees?   |
| How long have the company's top managers been with the company?  |
| Will the change of ownership cause any changes in personnel?   |
| Which employees are the most important to the company?   |
| Do any of the business' employees belong to any unions?  Make and Share Free Checklists checkli.com  |