

11 Questions to Ask Before You Buy an Online Business

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Owners of an online business can work from anywhere, set their own hours and make their living on the Internet. Buying an existing business is the fastest way to jumpstart becoming an entrepreneur. Buying an existing online business can help you become a business owner quickly - and profitably if you ask the right questions before you buy.



- 1 What is included in the sale? The purchase of an online business should include the business name, website, URL, social media accounts, customer lists, and inventory. Find out if you also are purchasing accounts receivable, debt, contracts and other expenses and incomes such as employee wages and consultant contracts.
- 2 What is your e-commerce software? What does it cost, and who manages it - uploads product, writes copy, What are the shopping cart statistics? Do a lot of carts get abandoned? If so, why? What steps are in place to
- 3 What are marketing and advertising strategies and costs? What software and tools are used? What social media does the site use and how successful is it? Who is responsible for advertising and marketing? If an employee, agency or freelancers provides marketing and advertising, is there a contract in place? What are the costs? Will that continue after the sale?
- 4 How is the business legally structured? Is there a single or multiple owners, it is a sole proprietorship, limited liability company or corporation?
- 5 What are the financials and profitability? In additions to sales numbers, request a complete financial audit that includes tax returns, bank statements, wages, expenses, etc. What is your customer acquisition cost? What are the profit margins? What payments are due after the sale of the business/
- 6 What is the revenue cycle? Is this a seasonal business, or year-round? What is the average sale per customer? What is the profit margin per customer?
- 7 What are the best-selling products on the website? Who is the supplier - and is there a contract? What is the lowest selling product? How do you get new product ideas?
- 8 Where is product stored? What are storage costs? What does it cost to ship product?
- 9 What percent of product is returned? Why? Who pays for return shipping? Where is product returned to?
- 10 What are the site's online reviews? Ask for a report of all online reviews, testimonials and complaints for the past 3-5 years. Have there been any reports filed with the Better Business Bureau? Are there reviews on Google, Facebook, Yelp or other online review sites? Are there any blogger reviews?
- 11 How much traffic does the website get? Ask for Google Analytics reports for the past 3 years to see how many visitors the website is getting, and from where. Is traffic increasing or decreasing? How long do visitors stay, what is the bounce rate, what are the 1st time v return visitor stats? How many followers does the site have on social media? How much engagement? Is there a mailing list - if so, what is the open rate and click rate?

