

Buying a Business Checklist

We've provided this checklist to help you evaluate any business you are considering buying. This list is purely for informational purposes and does not constitute advice. Please make sure to work with a licensed business broker before purchasing any small business.

Questions to ask yourself before buying

1 How will the business further my goals?

2 Is it better to start a new business instead of acquiring a business?

3 Can I afford to buy the business?

4 Can our business manage the acquisition?



5 Will the two cultures blend well?



6 What third-party consultants do I need to hire?



7 Is this the best company to purchase currently?



Questions to ask the current business owner

8 Why are you selling?

9 How long have you owned the business?

10 Why did you originally start or buy the business?

11 What's the annual gross revenue?

12 What are the ongoing costs?



13 How much profit have you made over the years?



14 What is your profit margin?



15 Will I be taking on any liabilities?



16 Can I view the cash flow statements?



17 How much are you asking?



18 How did you arrive at the purchase price?



19 What assets am I getting?



20 Have you ever had the business appraised by an independent auditor?

21 How much access will my auditor have to your books?

22 What do you think the goodwill value of your business is?

23 Are you willing to finance the transaction yourself?

24 What financing options do you recommend?



25 Are you willing to take a standby position?



26 How does the business generate revenue?



27 Does the business have a list of profitable clients?



28 What's your marketing plan?



29 How many hours do you work each week?



30 Are you currently paying yourself?



31 How quickly does the business get paid for services and goods?



32 Can you stay on for a short time to ensure a smooth transition?



33 Who are your competitors?



34 How much of the success of the business is due to the owner's personality?



35 May I talk to customers, employees, suppliers, and others to independently verify the information I've learned from you?



36 Do you have any tips for me on how to make the business as successful as possible?

37 What licenses or permits do I need to get?

38 Are there any pending lawsuits?

39 Are you a member of any industry organizations?

More questions to ask yourself

40 Is this the kind of business that'll bore me to tears a few months in?

41 Is my significant other going to be supportive?

42 How can I improve the business to make it more profitable?

43 Do I have the skills for success?

44 What kind of financial picture do the financial documents paint?



45 How much have similar businesses recently sold for?



46 Do I really need financing, or can I find creative ways to do an all-cash deal?



47 Is an all-cash deal even a good idea?



48 Have I come up with a business plan I can show to potential lenders?



49 Will I keep all the employees?

