

Objectives:

- Identify the importance of personal values and goals in choosing an entrepreneurial pursuit
- Describe the challenges and rewards of entering a family business
- List the benefits and drawbacks of buying a business
- Describe how you can evaluate a business opportunity
- Compare the advantages and disadvantages of starting your own business



Definitions of key terms:

Values – characteristics that define you, shape your attitudes and choices, help you identify your priorities. Influenced by family, religious beliefs, teachers, friends, society
Goodwill – loyalty of customers who you hope to keep when buying a standing business

Franchise – legal agreement to begin a new business in the name of a recognized company

Franchisee – buyer who has the right to the product, process or service, training and assistance in setting up the business, ongoing marketing and quality support

Franchisor – Seller who sells planning and management expertise along with use of name

Business broker – brings buyers and sellers together

Short Answer:

1. Name 3 steps you should take to evaluate a business opportunity.

1. Investigate the company and industry carefully. Talk to customers, employees, and suppliers.

2. Hire an accountant to verify the value of the business's inventory, accounts receivable and assets.

3. Hire an attorney to advise you and to investigate the business for any legal liabilities

2. What are 3 questions you should ask yourself before buying a business?

1. Is the business interesting to me and to others?

2. Why is the owner selling? Retirement, lack of interest, need for cash.

3. What is the business's potential for growth? Where is the business positioned in the life cycle of growth, maturity, decline?