

Think Critically

1. List the three factors that a business owner should consider when deciding to sell a business.
2. Name the factors that a business owner should consider when valuing his or her business.
3. Explain the difference between an acquisition and a merger.
4. List some harvesting options for the owners of privately held companies.
5. A rule of thumb is that a business can be sold for about three times its annual net income. Using that rule, fill in the chart below for the following businesses:

| Business | Annual Net Income | Estimated Sale Price |
|-------------------|--------------------------|-----------------------------|
| Website design | \$4,000 | |
| Aquarium cleaning | \$10,000 | |
| DJ service | \$17,500 | |
| Clothing boutique | \$30,000 | |