

## Chapter 16 Outline

Off-Season Analysis  
    Quantitative Analysis  
    Qualitative Considerations  
Acquiring a Business  
    Qualitative Considerations  
    Covenant Not to Compete  
    Using the Seller's Financial Statements  
    Seller's Legal Form of Organization  
    Seller's Salary Versus Buyer's Needs  
    Family-Operated Businesses  
    The Impact of Financing on Profits  
        and Cash Flow  
    Selecting an Enterprise to Buy  
Buying a Franchise  
Leasing  
    Leasing Realty  
    Leasing Automobiles  
Capital Budgeting  
    Average Rate of Return  
    Payback Method

## Competencies

1. Determine whether a seasonal business should remain open during the off-season. (pp. 426–429)
2. Describe the many factors and elements that should be examined as part of a decision to acquire a business. (pp. 429–438)
3. Identify the advantages and disadvantages of buying a franchise. (pp. 438–439)
4. Explain the terms of realty leases and how to choose between variable and fixed leases. (pp. 439–440)
5. Explain the terms of automobile leases and identify when such leases may be appropriate. (pp. 440–443)
6. State the purpose of capital budgeting and demonstrate two simple capital budgeting methods. (pp. 443–446)