

You Oughta Be in Business – or Not

Thinking about buying a business opportunity? Do you know enough about how to succeed? Take this quiz to find out if you're ready to be a business owner.

An ad for a business opportunity claims that you'll make a certain amount of money every month or year. You should:

- A) assume the statement is true.
 - B) look for additional info to support the claim – it's required by law.
 - C) buy business cards. You're on your way.
- B. Look at the ad carefully. If it claims buyers can earn a certain income, it also must give the number and percentage of previous purchasers who earned the same amount. If an earnings claim is there – but the additional information isn't – the promoter probably is violating the law.

The seller of the business opportunity you may want to buy offers a money-back guarantee and a three-day cancellation policy. You should:

- A) buy immediately. You don't want to miss out, and you can cancel it within three days.
- B) be skeptical about promises of refunds. They're often not worth the paper they're written on.
- C) think about a refund policy? Who needs one? This is a sure thing!

B. Scammers often hype a "no risk" refund policy to encourage you to buy into their product or service without doing your homework. Don't rely on a refund policy or a money-back guarantee as a substitute for research. Keep in mind that no investment is risk-free. There's a definite relationship between reward and risk: the higher the potential pay-off, the higher the risk.

You asked for more information, but the promoter said he was busy. He has several clients who are ready to buy and he has no time to waste with you if you're asking too many questions. You should:

- A) buy right away. You don't want him to sell your opportunity to someone else.
- B) apologize and hope you can still buy in.
- C) find a different opportunity.

C. If it were a legitimate opportunity, the seller wouldn't hesitate to answer your questions and provide the documents that are required by law. Scammers often create the impression that if you don't act now, you're going to miss out on something valuable. They want you to give up your credit card or bank account information before you research their claims or other people's experiences with the company. Legitimate promoters don't need to use high-pressure sales tactics. Their offers usually have staying power.

You talked to a marketer about a new business opportunity, and it sounds promising. You're next step is to:

- A) do an internet search of the company's name and look for complaints.
- B) tell all your friends that you're now a small business owner.
- C) start collecting your receipts for tax purposes.

A. A quick internet search can uncover a lot about any company. If you see complaints about the business opportunity, the company selling it, or the company president or CEO, reconsider your options. Other people's experiences can be very informative.

You're considering a business opportunity, but the written contract doesn't include some of the oral promises the promoter made. You should:

- A) assume that what the seller said is true.
- B) file it away. Who reads contracts anyway?
- C) ask the seller to include the oral promises in the written contract. Walk away if the seller won't.

C. Any oral promises made by a salesperson should be written into the contract you sign. If the salesperson says one thing but the contract omits it or says something different, it can be the contract that counts. If a seller balks at putting oral promises in writing, take your business elsewhere.

The seller of the business opportunity sends written information to support its claims about the opportunity. You should:

- A) assume that if the company sent it, it must be legitimate.
- B) study the information and use it to interview current owners in person.
- C) skim the documents and then go on vacation to celebrate your new venture.

B. Interview several current owners in person. This may help you identify "shills" — people paid to give favorable reports. Ask owners and operators whether the information matches their experiences with the company, and whether they're satisfied with the results.

You've searched for information about the company online, studied the written information the company provided, interviewed current owners, talked it over with friends and family, and read the documents to make sure the written contract includes the terms you agreed to. What else should you consider?

- A) popping the bubbly! It's time to celebrate.
- B) consulting an attorney.
- C) making plans to quit your day job immediately.

B. Consider getting professional advice. Ask a lawyer, accountant, or business advisor to read the proposed contract and any other written materials you've been given. The money and time you spend on professional assistance and on research — like phone calls to current owners — could save you from a questionable investment.