Should You Buy an Amazon FBA Business or Start One From Scratch? Consider These Points.

Opinions expressed by *Entrepreneur* contributors are their own.

If you're thinking of owning an FBA business, you can either start from scratch or buy an existing one. Deciding between the two can involve a fair bit of brainstorming. If you have the skills and the intent to fight it out and grow a successful online brand of your own, you should give it a shot.

On the other hand, you could buy a growing FBA business, scale it to new heights using your skills and capital, and sell it for a decent profit. It all depends on your short-term and long-term goals, how much capital you have and your personality as a business owner.

Related: 3 Things to Consider Before Owning an Amazon FBA Business

When you should start an FBA business

You have startup funds:

If you have a decent capital accumulated or have access to attractive financing, starting an FBA business is a great option. Although FBA seller surveys showed that, on average, $3,836 is needed to get an FBA business off the ground, the

true cost of starting out could even run into five figures, depending on the product or the business model of your particular FBA business.

Starting a new FBA business involves costs like inventory, PPC advertising, social media marketing, legal needs, branding, packaging and Amazon fees, among others.

You’re in it for the long haul:

An FBA business is just like any other business – it demands huge time and energy commitments and can quickly take over your life. If you’ve decided to jump into the ecommerce jungle and are prepared to handle its challenges, this is the right choice for you.

Time and money are not the only things you’ll need to get your business running, though. FBA expertise plays a huge role as well.

You want to build and sell a successful business:

Wanting to sell a successful FBA business can be one of the best reasons to start one. If you start your FBA journey with an eventual sale in mind, your operations will be streamlined, and you’ll have strong SOPs in place to ensure a smooth transfer to the new owner.

This will ensure your business will be the pick of the bunch when you decide to sell it. And partners like ScaleBrand can aid you in accelerating the time to get to that stage – helping you optimize your operations, boost your brand strength and help you prepare airtight financial records.

Related: **5 Ways To Grow Your ‘Fulfillment by Amazon’ Business**

When you should buy an FBA business

You don’t envy the hustle:

If you're one of those people who can intuitively smell a successful business and have the resources to grow it by leaps and bounds, you should definitely choose to buy an FBA business instead of starting one anew.

While buying a well-run FBA business ensures you don't need to go through the arduous journey of growing a brand, building a strong portfolio of reviews and overcoming the initial growth phase, it still comes with its specific needs, like positioning it for a sale.

Your aim with an acquired FBA business should be to make it "exit ready" to sell it eventually. "In short, a business is "exit ready" if it ticks all the boxes of the attributes that acquirers want. There are tens of boxes to tick in order to be best prepared," said Emmett Kilduff, CEO of The Fortia Group. You need to check and fix the attributes present in a less-than-optimal state, such as an outdated inventory, poor SEO and low brand recall, to position the business for a profitable sale.

If you can't identify the attributes to fix, full-service Amazon marketing agencies like Urtasker can help optimize every aspect of your newly acquired business.

You don't have a lifetime to invest in the business:

Buying an FBA business, scaling it to the next level and then flipping it for a hefty profit over what you initially paid is a strategy that entices many business owners, which can take up to one to two years.

While growing your newly purchased FBA business, you're likely to face several challenges, one of which will be inventory management. Inventooly can make your life easier by managing inventory forecasting and supply chain management out-of-the-box, so you can focus on the big-picture stuff.

Related: Want to Sell Your Amazon FBA Business? Here Are 5

Lessons From Someone Who’s Overseen $100 Million in FBA Acquisitions

Which one’s right for you?

When juggling with the “start or buy” decision, take stock of your skillset, risk appetite and your business goals.

If you have an ecommerce background and have the expertise to grow and scale online businesses, buying an existing business is the right choice for you. On the other hand, if you can tackle the growth phase challenges, overcome the first year of near-zero profits and enjoy working on a new project, you should start a business of your own.

Your risk appetite plays a huge role in how you approach any decision in life. If you’re risk-averse, starting a business from scratch might feel like a better option, considering the relatively lower capital risk. If not, the higher risk-reward combination of buying a business will work better for you.

Finally, what you intend to do with your business can decide which route you take. Maybe you’re comfortable with investing multiple years building and growing an FBA business and reaping the significant benefits once you unlock greater success. Alternatively, you could be more inclined to take up a new business as a short-term project and sell it for a profit after a year or two.

Choosing between starting or buying an FBA business needs to come from what you know and what you’re willing to learn. You should assess your expertise and your risk appetite when juggling these two decisions. There’s no one right answer.

Whatever you decide, growing an FBA business and keeping it successful takes a lot of effort, both in terms of time and money. Overcoming FBA challenges will be tough at times, but the rewards at the end of the journey might just make up for

it.

https://www.entrepreneur.com/article/430770