GROW CAREFULLY

Asset purchase checklist

Name _____ Business _____ Date _____

You will finish with
Two quotes compared on full cost, the months the item needs to pay for itself, and a decision: buy, rent or wait.

1. What it will earn or save

Item and how often I will use it (e.g. Second mixer, 5 days a week)

Profit here means the money left from a sale after paying for the materials used.

Extra profit or cost saved per month, worked out (e.g. 12 extra cake orders × R150 profit each = R1 800)

2. Full cost of two quotes

The **total cost of ownership** (everything you pay to own and use the item, not only the price). Get two quotes and fill in one column for each. **Running costs** (what you pay every month to use and look after the item).

Cost	Quote A (R)	Quote B (R)
Supplier name		
Purchase price		
Delivery, installation and training		
Total upfront cost		
Fuel, power and materials it uses, per month		
Maintenance and repairs, per month (yearly cost ÷ 12)		
Insurance, security and storage, per month		
Total running cost per month		
Warranty (months)		
Parts and repairs available nearby? (Yes / No)		

TIP

Ask the supplier

Ask how often it needs a service, what a typical repair costs and how long repairs take. Days without the item are days without that income.

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3. How long to get the money back

Use the quote you prefer.

Extra profit or saving per month - Total running cost per month = Money the item adds each month (e.g. R1 800 - R300 = R1 500)

Total upfront cost ÷ Money the item adds each month = Months to get the money back (e.g. R45 000 ÷ R1 500 = 30 months)

Cost to rent or hire the same item for the same use, per month (e.g. R1 200 a month)

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4. Before you pay

- **CHECKLIST**
  - ☐ Customers already ask for the extra work, or it cuts a cost I pay now
  - ☐ The item will last longer than the months to get the money back
  - ☐ I know where it will be kept and who will look after it
  - ☐ I have checked how to pay for it (use the worksheet for Should You Use Savings or Finance?)

When to wait

1. If you cannot explain how it pays for itself in one sentence, wait.
2. If you will use it only now and then, renting may cost less.

5. Decide

- **CHECKLIST**
  - ☐ Buy Quote A
  - ☐ Buy Quote B
  - ☐ Rent or hire it first to test demand
  - ☐ Wait

Next step

What I will do (e.g. get a third quote with a service plan) _____

Who will do it _____

By when _____

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