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## **20 Questions Buyers/Investors/Lenders Ask When Valuing/Investing In Your Company**

### **How does your company measure up to realize maximum value?**

•» Only one answer allowed per question «•

•» 1-5 points earned per question, depending upon answer «•

1. Which one best describes your gross profits over the last 5 years?  
 [5] Improved every year for 5 years  
 [4] Improved overall but not every year  
 [3] Remained steady for 5 years  
 [2] Gross profits have been erratic over the last 5 years  
 [1] Gross profits have declined in the last 5 years
  
2. Which one best describes your revenues over the last 5 years?  
 [5] Increased every year by more than 5%  
 [4] Increased over last 5 years, but modestly  
 [3] Remained steady for 5 years  
 [2] Annual revenues have gone down in 2 of the last 5 years  
 [1] Annual revenues have declined in the last 5 years
  
3. How stable has the overall market been for your products & services for the last 5 years?  
 [5] Stable and has grown every year for all of our products & services  
 [4] Our market has grown over last 5 years, but not every year  
 [3] Remained steady for 5 years, but no real growth  
 [2] Our market has been erratic, with real declines in 2 of the last 5 years  
 [1] Our market has declined over the last 5 years
  
4. Rate your company's market share over the last 5 years.  
 [5] Our market share has increased every year  
 [4] Our market share has increased in the last 5 years, but not every year  
 [3] Our market share has remained steady for 5 years, but no real gains  
 [2] Our market share has been erratic over the last 5 years  
 [1] Our market share has declined over the last 5 years

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5. What percentage of your customers have been with you 3 or more years?
- \_\_\_ [5] 80% or more  
 \_\_\_ [4] 60% - 80%  
 \_\_\_ [3] 40% - 60%  
 \_\_\_ [2] 20% - 40%  
 \_\_\_ [1] 20% or less
6. What percentage of your revenue comes from your largest customer?
- \_\_\_ [5] 15% or less  
 \_\_\_ [4] 15% - 25%  
 \_\_\_ [3] 25% - 50%  
 \_\_\_ [2] 50% - 75%  
 \_\_\_ [1] 75% or more
7. Which one best describes the competition in your market place?
- \_\_\_ [5] We are clearly the dominant player and competition is decreasing  
 \_\_\_ [4] We share market dominance with another competitor  
 \_\_\_ [3] We are one of a handful of companies controlling 80% of the market  
 \_\_\_ [2] Competition has been increasing  
 \_\_\_ [1] Our margins have been decreasing due to increased competition
8. What has been your experience with product obsolescence over the last 5 years?
- \_\_\_ [5] We have had little or none over the last 5 years  
 \_\_\_ [4] We have increased spending to counter future obsolescence  
 \_\_\_ [3] We find markets elsewhere for products that become obsolete  
 \_\_\_ [2] We have experienced inventory losses as a result of obsolescence  
 \_\_\_ [1] Our rate of obsolescence has been increasing over the last 5 years
9. Which one best describes your overhead and expenses the last 5 years?
- \_\_\_ [5] We have reduced them as a percent of sales over the last 5 years  
 \_\_\_ [4] They have remained relatively constant as a percent of sales  
 \_\_\_ [3] We have had selective increases in areas we cannot control  
 \_\_\_ [2] Fixed cost increases are putting pressure on our profit margins  
 \_\_\_ [1] Fixed costs have increased faster than our pricing power can offset
10. Which one best describes your current & future capital expenditures?
- \_\_\_ [5] We have very little cap ex required over the next 5 years  
 \_\_\_ [4] We have updated equipment with very little cap ex required for now  
 \_\_\_ [3] We are currently updating equipment we had budgeted for  
 \_\_\_ [2] We are spending more now than our average over the last 5 years  
 \_\_\_ [1] We need to spend a lot and we can't get the financing

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11. Which one best describes your experience with outside lenders?
- [5] No debt, and we don't intend to borrow in the near future
  - [4] We have had a bank line for years but use it rarely
  - [3] We regularly use a bank line which periodically clears
  - [2] We continuously use the bank line but it never clears
  - [1] We are in breach of our loan covenants and restricted on advances
12. Which best describes the depth of your organization?
- [5] There is no single employee who could materially affect our business with their sudden absence
  - [4] We have backup for critical positions of the company
  - [3] Not all critical positions are backed up
  - [2] We lack the depth to backup
  - [1] Our sales manager has critical relationships with customers
13. Which one best describes your company's regulatory environment?
- [5] Our industry is not on the regulatory radar
  - [4] A few compliance laws to deal with but have never been in breach
  - [3] We have regular inspections but have never been written up
  - [2] We have an abundance of laws we must deal with on a regular basis
  - [1] We are currently under investigation for breaches of the law
14. Describe your environmental risks?
- [5] We have no environmental issues with our business or products
  - [4] We had to make adjustments for new product/real property laws
  - [3] Our company requires continuous monitoring from third parties
  - [2] We are currently in remediation procedures
  - [1] We have regulatory issues which could materially affect the business
15. Which best describes the company's maintenance of intellectual property?
- [5] We have extensive patents, trade & service marks, and copyrights
  - [4] We have only a few patents, trade & service marks, and copyrights
  - [3] We have no patents, or patents are not available
  - [2] We use unregistered trade or service marks which are not challengeable
  - [1] We have never fully researched our Intellectual Property considerations
16. Which best describes the external social or cultural influences on the company?
- [5] We constantly monitor our products for potential clashes in all markets
  - [4] We have no history of, and are unaware of, any potential clashes
  - [3] We do not sell outside of mainstream US markets
  - [2] Some of our offerings may not translate well into other markets/regions
  - [1] We have withdrawn some products due to social or cultural considerations

17. Which one best describes the planning process of your company?
- \_\_\_ [5] We have frequent planning meetings with all supervisory levels, including our board, adjusting a formal business plan
- \_\_\_ [4] We have a business plan with originates with the CEO and immediate subordinates, which is reviewed/adjusted on a periodic basis
- \_\_\_ [3] We have several plans which originate with key dept heads and reviewed by C-level management
- \_\_\_ [2] We have revenue forecasts which originate with Sales Dept, but that is the extent of our planning process
- \_\_\_ [1] The CEO has the plan in his head, and manages near term events
18. Which one best describes the firm's corporate governance?
- \_\_\_ [5] The company has a proactive board; all of these matters are formally reviewed
- \_\_\_ [4] The CEO sets the basic policies, which are communicated throughout the company
- \_\_\_ [3] The company has a written HR policy, which is reviewed once a year
- \_\_\_ [2] The company has a written HR policy, which is given to all new hires
- \_\_\_ [1] The company has no written policies
19. Which one best describes your company's level of measuring operating performance?
- \_\_\_ [5] Every dept has operating goals which are set by or agreed upon by management and monitored frequently
- \_\_\_ [4] We have planning meetings periodically to review performance and adjust dept budgets
- \_\_\_ [3] We have an annual budget meeting with the key executives, and then set a plan in motion with few incentives
- \_\_\_ [2] The CFO/Controller reviews the numbers once a year and reports to the CEO/COO; there are no measurable incentives
- \_\_\_ [1] We have no budget; the CEO/COO approves ALL expenses
20. Which one best describes the way your company deals with technological change?
- \_\_\_ [5] We have an aggressive program of introducing new and up-to-date products and services
- \_\_\_ [4] We watch the market but have seen little or no technology introduced into our market
- \_\_\_ [3] We are forced to introduce new technology frequently in order to keep up with competition
- \_\_\_ [2] We recently have been forced into developing some new products and services are reacting to it
- \_\_\_ [1] We have not been able to keep up with changing technology due to budget constraints

**Company Score** \_\_\_\_\_

**Company Name** \_\_\_\_\_  
(Optional)

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