

20 Business Questions You Will Need Answers To No Matter What Side Of The Table You Are On.

It doesn't matter whether you are buying or selling a business, the questions listed below are going to come up.

For Business Buyers, if you don't ask them, the bank will, and you will need to get answers.

For business Sellers, The buyer is going to ask these questions at some point, so you might as well put the answers together ahead of time.

For Business Brokers, if you get answers to these questions BEFORE you begin marketing the business, you will have a tool to make a great marketing piece, be able to intelligently answer potential buyer questions, and look brilliant over the competition because 99.7% of them have no idea what they are doing or why they are doing it.

1. Provide a *brief* description of what your business does.
2. Describe your market.
 - a. What types of customers do you serve?
 - b. Where are they located geographically?
3. List your primary customers.
 - a. What terms do you provide to customers?
 - b. What collection policies do you have in place?
 - c. Provide a brief description of any special relationship between your company and its customers?
 - d. Are there any concentrations of 10% or more in the customer base?
 - e. How often do they frequent the business?
 - f. What is the annual value of a typical customer?
 - g. What is the lifetime value of a typical customers?
 - h. What is the average age of your customers?
 - i. What is the average income of your customers?
4. Who are your primary vendors?
 - a. What terms do vendors provide to you?
 - b. Provide a brief description of any special relationship between your company and its vendors.
5. Who are your primary competitors?
 - a. What makes your business superior to the competition?
6. Provide a *brief* description of your marketing approach.
 - a. How do you sell your product / service?
 - b. What is your competitive advantage?
7. How many sales tickets does the business book in a year?
 - a. What is the average size of a ticket?
 - b. Describe your pricing policy.

- c. Is there any seasonality in the business?
 - d. Do you maintain a monthly sales graph identifying seasonal income swings?
8. Describe your industry trends
 - a. Is your industry increasing or decreasing
 - b. What other opportunities are there from within the industry
 - c. What are the upcoming headwinds?
 9. Describe your company's revenue trends.
 - a. What is the impetus for increases / decreases over the past 3+ years?
 10. Describe your company's profit trends.
 - a. What is the stimulus for increases / decreases over the past 3+ years?
 11. How many employees do you have?
 - a. What is their average wage?
 - b. Any Key employees and what is their role?
 - c. How many are expected to stay on with the new ownership?
 12. Explain any non-recurring or unusual items that have affected your business over the past 3+ years.
 13. What are the primary business risks in your industry?
 14. Describe your management team.
 - a. What is your succession plan (who takes over in an emergency)?
 15. Describe any seasonality in your business.
 16. What capital expenditures do you expect in the next 2-3 years?
 - a. How will they be financed?
 17. What is your business website?
 18. From where, specifically, will the down payment (equity injection) for this project come from, and how much from each of the sources/accounts?
 19. Are you or your business involved in any pending lawsuits?
 20. Who holds the special licensing (if any) for your business?