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Questions Business Buyers Will Ask

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Every business owner who is contemplating the sale of their business should be prepared to answer questions from a prospective buyer. Below is a list of frequently asked questions. If some of these questions seem odd your industry might require a different set of questions that are unique to your business; i.e. Hotels, Convenience Store Chains, Retail Chains, Waste Management, and Technology...etc.

COMPETITION

1. How many competitors are competing in your market place?
2. How easy is it for a new company to start competing against you?
3. Who are your top three competitors in order of sales?
4. What is your value proposition against your competitors?
5. Is there a niche in your business that minimizes new or existing competition?
6. Can your customers get products from another source?

TECHNOLOGY

1. Is your business computerized?
2. What security and backup systems do you operate?
3. What technology assistance do you outsource?
4. How many technology employees do you have on staff?
5. Can your business be technology driven?
6. Does your business have a web site?
7. Is your web site informational or sales oriented?

CUSTOMERS

1. How many accounts does the business have?
2. What percentage of sales are the top three customers?
3. Where are your customers located?
4. How long is the sales cycle to add a new customer to your business?
5. How often do your clients buy from you?
6. Do you segment your customers?



CUSTOMER SERVICE

1. Do you train your employees in customer service?
2. Do you have a policy manual on providing customer service?
3. How are complaints handled with your customers?
4. How are your orders received and processed?

SUPPLIERS

1. How many suppliers do you have?
2. Where are they located?
3. What are your processes/qualifications to establish a new supplier?
4. What terms do your supplier give you?
5. Are there any contractual agreements with your supplier?
6. Can you buy from multiple suppliers?

DISTRIBUTORS

1. How many distributors do you have?
2. Where are they located?
3. What are your processes/qualifications to establish a new distributor?
4. What terms do you provide to your suppliers?
5. Are there any contractual agreements with your distributors?
6. Do you have exclusive territories for your distributors?

PRODUCTS

1. How many different products are offered?
2. How do you keep inventory?
3. How old is your inventory?
4. What is the percentage of the largest selling item?
5. What is the percentage of the second largest selling item?
6. What is the inventory of the two largest selling items?
7. Is your inventory bar coded?
8. Are you developing new products?



ASSETS

1. How old is your equipment?
2. How often do you have to replace equipment and rolling stock?
3. Does the business own any patents?
4. Does the business own any molds? If so, how many?
5. Who holds the molds?
6. Would modernizing your equipment improve productivity?

EMPLOYEES

1. How many full time and part time employees do you have?
2. How many managers do you have?
3. How many sales people do you have?
4. Do you have a leadership/management development program in place?
5. What is the salary and position of each employee?
6. Do you have any employee incentive programs?
7. What is your employee turnover?
8. Is it difficult to find qualified employees?
9. How do you train your employees?
10. How much is your workman compensation insurance per employee?
11. What benefits do you offer your employees?
12. Are you Unionized?

While some of these questions may not relate to your specific business, they can provide insight as to what buyers want to know. Step back and place yourself in the buyer's shoes. What would you want to know about the business before you make an offer to purchase.

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