

BUSINESS PROFILE CHECKLIST

BELOW IS A LIST OF QUESTIONS THAT WILL HELP YOU AS YOU SEARCH FOR A SMALL BUSINESS OPPORTUNITY. AFTER GETTING ANSWERS TO THESE QUESTIONS, YOUR KNOWLEDGE OF THE BUSINESS YOU'RE CONSIDERING SHOULD MAKE YOU COMFORTABLE WITH TAKING THE NEXT STEP IN THE PROCESS.

LEGAL & DBA:

- WHAT FORM OF OWNERSHIP DOES THE COMPANY HAVE?
- HOW IS THE COMPANY DIVIDED? (PERCENT OWNERSHIP OR NUMBER OF SHARES)

LOCATION:

- IS THE LOCATION INCLUDED IN THE SALE? IF SO IS THERE A CURRENT LEASE OR IS IT TENANT AT WILL?
- IF THERE IS A CURRENT LEASE HOW MANY MONTHS ARE REMAINING? IS IT ASSIGNABLE?
- IS THERE AN OPTION TO RENEW THE LEASE OR BUY THE REAL ESTATE?
- HOW MUCH IS THE RENT PER MONTH?
- WHAT IS THE RENT PER SQUARE FOOT IN NEARBY LOCATIONS?
- WHAT IS THE PARKING SITUATION?
- IS THERE ROOM FOR EXPANSION?

HISTORY:

- WHEN WAS THE BUSINESS FOUNDED OR ACQUIRED BY CURRENT OWNER? (YOU SHOULD REQUEST A COMPANY OVERVIEW FROM THE FOUNDING TO THE PRESENT.)
- WHAT WAS THE ORIGINAL PRICE THAT WAS PAID FOR THE COMPANY?

THE BUSINESS:

- WHAT ARE THE HOURS OF OPERATION?
- HOW MANY EMPLOYEES OR SHIFTS ARE INCLUDED?
- WHAT IS THE SQUARE FOOTAGE OF THE BUSINESS?

- WHAT IS THE OCCUPANCY?
- ARE THERE SPECIAL LICENSES FOR THE BUSINESS?

ASSETS:

- WHAT ARE THE OWNERS' ESTIMATE OF VALUES? (SHOULD INCLUDE THE ORDERLY LIQUIDATION VALUE, FURNISHINGS, FIXTURES AND EQUIPMENT; VEHICLE(S); INVENTORY; AVERAGE AGE.)
- ARE THERE PATENTS, FRANCHISE CONTRACTS, OR LICENSES THAT WILL NEED TO BE TRANSFERRED?
- WHAT ARE THE CURRENT ACCOUNTS RECEIVABLE?

STAFF:

- HOW MANY FAMILY MEMBERS ARE ACTIVE IN THE BUSINESS? HOW MANY NON-FAMILY EMPLOYEES ARE THERE? (BOTH FULL-TIME AND PART-TIME.)
- WHAT IS THE HOURLY RATE PER EMPLOYEE AND THE HOURS THEY WORK A WEEK?
- WHAT BENEFITS ARE PROVIDED BY THE BUSINESS AND WHAT IS THE COST PER EMPLOYEE?
- ARE THERE EMPLOYEE EMPLOYMENT CONTRACTS? IS THERE A LABOR POOL FOR THE COMPANY?
- HAVE YOU ASKED FOR COPIES FOR W-2S AND 1099S FOR THE LATEST TAX YEAR?

OPERATIONS:

- HOW MUCH WOULD YOU HAVE TO PAY A MANAGER IN ORDER TO RUN THIS BUSINESS "ABSENTEE"?
- WHAT PERCENTAGE OF SUPPLIES OR INVENTORY WOULD BE CONSIDERED AS DEAD OR OBSOLETE?
- AS A NEW OWNER, HOW LONG WOULD IT TAKE TO BE FUNCTIONAL IN THIS BUSINESS?
- FROM START UP, HOW LONG TO REACH CURRENT LEVEL OF PROFITABILITY (MONTHS)?
- HOW ACCURATELY CAN YOU PREDICT REVENUES?
- HOW MUCH TRAINING IS REQUIRED TO PERFORM AND UNDERSTAND THIS COMPANY'S OPERATIONS?
- WHAT IS YOUR LIABILITY EXPOSURE LEVEL?
- HOW IMPORTANT IS THE OWNER TO THE REVENUES OF THIS BUSINESS?
- OVER LAST THREE YEARS HOW HAVE GROSS SALES BEEN TRENDING?
- EXPLAIN HOW NEW BUSINESS IS OBTAINED: (OWNERS INFLUENCE, WALK IN, DIRECT MAIL, ETC.)
- WHAT SPECIAL LICENSE, DEGREE OR SKILLS WOULD A NEW OWNER NEED?

- SEE NEXT MONTH'S ISSUE FOR PART 2 OF THE CHECKLIST -



If you have a question about buying or selling a business, contact Joe Vagnone at j.vagnone@murphybusiness.com.