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Spend Less - Monetize Faster

DUE DILIGENCE CHECKLIST FOR ACQUISITIONS

This checklist is crucial:
The difference between the acquisition of your business for top dollar…or not!

1 Your business will have a value that will be ultimately be transacted. For example: an investment partnership, public offering or acquisition.

- Start from the end. Why and when will this capitalization event occur? Identify below other companies or investors that would take interest in your company. This could be when your business becomes a large competitor; or reaches a certain size, volume, grow rate, regional dominance or market share:

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2 A desirable business for a capitalization event are companies with:

- A high volume in inventory, growth rate, annual sales, key accounts, annual revenue and/or profitability
- Viable production facilities, products, chart of accounts and clients
- A positive business reputation, brand image and relationship with the community

List the desirable attributes of your company or brand:

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3 Organize records based on acquirer's due diligence.

- From day one, create a file called the Due Diligence file. Have tabs for each of these categories below, and place related documents in the appropriate file when events occur:

  - Sign-offs on all original art works
  - Copyrights
  - Releases
  - Agreements with vendors and buyers
  - Rental and lease agreements
  - Disclosures
  - Sales history with clients, customers and distributors
  - Chart of accounts
  - Other important contracts related to your business (all legal documents, licenses, certificates etc.)

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4 Remember: Organized paperwork allows for a faster capitalization event or acquisition. **Long deals= less money, shorter deals= more money** for the company and brand being acquired. (Delayed deals due to extended discovery and due diligence periods allow for more time for the word to get out to buyers, vendors, salespeople and staff who find out you are for sale and will look elsewhere for stability and diminish company's value.)

5 Obtain the metrics of your business that make it an attractive acquisition target:

- Find the volume, number of units, market share, regional footprint, or rate of growth needed to obtain acquisition. Hint: an investment broker in your industry can help answer these questions, review: *Top 10 Questions to Ask an Investment Broker* document.

6 Arriving at the desired metrics of your business (and building brand equity), requires constant reinvestment in growth. Be prepared to invest in a representative in every territory your product or service is provided to assure quality, reliability and availability; and to invest in the cost of growth.

7 When expanding, start small so you learn lessons and make mistakes in small territories and fix them. Better to have a good reputation in a small area, than a mediocre one in a large area.

Notes and Inspirations:

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