



TOP TEN QUESTIONS TO ASK AN INVESTMENT BROKER

An investment broker is an individual who brings together buyers and sellers of investments, such as a business. They usually are required to be licensed to work on behalf of buyers and sellers of stock. They work on commission.



Date of Meeting (Day/Month/Year): _____

Make sure you are talking to the right investment broker to ascertain the metrics necessary for your business to be an acquisition target by asking these questions:

1. Is he/she familiar with your industry (such as food, beverage, hardware, dry goods, clothing, technology, etc.)?
2. Does he/she have experience with (or is familiar with) recent transactions in your category? (Check back annually.)
3. Is he/she familiar with transactions comparable to yours (even if you have no plans on selling)?



Ask for the metrics that influenced the purchase for several recent transactions or businesses at the time of their acquisition including:

4. The selling price was what multiple of earnings?

Business _____	Selling Price (what multiple of earnings) _____
Business _____	Selling Price (what multiple of earnings) _____
Business _____	Selling Price (what multiple of earnings) _____

5. What was the number of units being sold per year?

Business _____	Number of units being sold per year _____
Business _____	Number of units being sold per year _____
Business _____	Number of units being sold per year _____



6. What percentage of market share did the selling company have?



Business _____	Percentage of market share _____
Business _____	Percentage of market share _____
Business _____	Percentage of market share _____

7. What was the gross revenue?

Business _____	Gross revenue _____
Business _____	Gross revenue _____
Business _____	Gross revenue _____

8. What was the market share in dollars, units, and territory (size and significance)?



Business _____	Market share in dollars, units & territory _____
Business _____	Market share in dollars, units & territory _____
Business _____	Market share in dollars, units & territory _____

9. What was the percentage of growth year by year?

Business _____	Percentage of growth year on year _____
Business _____	Percentage of growth year on year _____
Business _____	Percentage of growth year on year _____

10. What were the key accounts that came with the acquisition?



Business _____	Key accounts with the acquisition _____
Business _____	Key accounts with the acquisition _____
Business _____	Key accounts with the acquisition _____



Additional Considerations:

- What assets transferred in the deal and what was their value?
- Caution: Accumulating assets without sales to support them can kill a business
- Most acquisitions hinge on the answers to the above 10 questions and not assets alone
- What other factors influenced the acquisition price and terms?
- These metrics can help you establish long-term, annual, and quarterly goals for your business

Note: Acquisition target metrics generally change with time and market conditions. So perform this exercise regularly to keep your goals current. Think of it as a regular checkup or physical for your business to keep it in good shape! Even if you never intend to sell your business, an acquisition can take the form of obtaining an investment partner, having a public stock offering or capitalization event. This information is also valuable to keep updated should your business be a legacy for your family.

Bring this sheet in with you to your meeting, and staple the investment broker's business card to this document for future reference. Make multiple copies to fill out and update for future meetings (monthly, quarterly and/or yearly). Consider meeting with more than one investment broker.

Notes and Inspirations:

