

Buying or Selling a Business

Analysis Checklist

Thank you to NxLevel for most of this information!

- Why does the owner want to sell?
- What is the physical condition of the business?
 - Equipment
 - Inventory
 - Building
- Does the company own or lease its facilities
 - What are the current terms?
 - Does the landlord plan to renew?
- What is the financial condition of the business
- Who are the existing and prospective customers?
- What is the competitive environment?
- What legal aspects should be considered?
- What is the history of the business?
- What is the life span of the business?
- Who owns the company, and is it publicly or privately held?
- How the company is legally organized?
- How many employees does the company have?
 - How long have they worked there?
 - How are personnel managed?
- What kind of accounting system is in place?
 - What budgeting and expense controls are in place?
 - What do the company's balance sheets, income statements, and cash flow statements reveal over a period of five years?
 - How does the company manage its short-term cash and investments?
 - How much debt does the company have?
 - Does the company have any unpaid taxes and/or lawsuits pending?
- What type of insurance coverage does the company have - how much?
- How solid are the company's suppliers and vendor relationships?
- What kind of marketing and promotional activities the company currently engages? What are the plans for future innovations or promotions?
- Is the company meeting all applicable legal requirements?
- How tight is the market for the company's products, and how much market share does the company control
- How does the company's current pricing structure match that of its competitors?
- Does the company offer deep discounts to large-scale customers?
- What is the company's sales history during the past five years?
- Does the company have an established distribution network and sales force?
- Where is the business located? Near transportation and shipping lines (if mfg.)? In a busy suburban mall (if retail)?
- What sort of online presence does the business have? What percentage of its revenue comes from the Internet?
- How strong is the company's manufacturing base?
- How old is its manufacturing equipment.
- Does the company own or lease its equipment?
- What environmental laws and standards apply? What is it doing to meet them (e.g., employee training, pollution prevention)?