



COMPANY AND INDUSTRY BACKGROUND QUESTIONNAIRE
FOR BUSINESS VALUATION ENGAGEMENTS

Company Name: _____

Completed By: _____ Date: _____

INSTRUCTIONS: This form covers the information typically needed to obtain an understanding of your company and the industry in which it operates. The questions are grouped into various categories. Please complete only those sections that apply.

Please provide the requested information in the spaces provided. Attach additional sheets if necessary. If the information is not relevant, write N/A in that space.

COMPANY BACKGROUND

List each location maintained by the company and the primary activity (executive office, plant, sales office, etc.) along with the number of employees at each location, and whether the facility is owned or leased.)

<u>Location and Address</u>	<u>Activity</u>	<u>#Employees</u>	<u>Owned/Leased</u>

List key members of management.

<u>Name</u>	<u>Title</u>

Discuss the company's officers (age, experience, and current duties).

PRODUCTS AND SERVICES

Describe the company's products or services. Which product line is growing fastest? The slowest?

Describe the manufacturing or service process.

Describe the company's customer base.

PRODUCTS AND SERVICES CONTINUED

Breakdown of revenues and gross profit by product line

<u>Product</u>	<u>Revenue Percentage</u>

What are the product's advantages and disadvantages versus its competitors?

MARKETING AND DISTRIBUTION

What is the size (in dollars) of the local market and the national market?

What is the company's market share and market area? How fragmented is the market? Is the market shrinking or growing?

Are sales concentrated with a few customers? What percentages of total sales are made to the five largest customers (break out by each)?

What is the key selling feature: product, price, service, brand name, packaging, etc.?

What type of promotion and advertising methods does the company use?

COMPETITION

Who are the company's major competitors? Where are they located? How large (in terms of sales dollars) are they? What is their market share? How diversified are they?

How does the company compare in size and market value to its competitors?

What are the company's competitive strengths and weaknesses?

OPERATIONS

Describe the company's organization structure. (Attach organization chart if available).

Are buildings and machinery owned or leased? If leased, are the leases renewable? Are they payable to a related party?

What is the overall condition of the company's equipment? How old are the company's manufacturing facilities? Is there any inefficient or obsolete equipment?

Discuss the current labor market. How easy is it to attract qualified employees? Briefly describe past and current employee relations (that is, contentious, harmonious, strikes, etc.). Also discuss employee turnover and indicate whether any of the employees are unionized.

Discuss key suppliers. Are any suppliers the sole source? Have there been any major problems in getting raw materials? Are there long lead times to get the purchased goods?

FINANCIAL

Have there been any changes in accounting principles during the past five years (cash to accrual, FIFO to LIFO, and so forth) or similar changes that might affect the comparability of the historical financial statements?

Has there been any nonrecurring or extraordinary income or expenses during the last five years?

Discuss plans for major capital expenditures, how they will be financed, and how much of the amounts represent expansion versus replacement of existing assets?

FINANCIAL CONTINUED

Discuss any contingent liabilities, including lawsuits and pending or threatened litigation.

Describe any non-operating assets, such as marketable securities, aircraft, boats, and real estate investments.
