



Valuation Questionnaire

Planner's Name: _____ Planner's Phone Number: _____
Company Name: _____ Type of Entity (circle one) C-corp., S-corp.,
Address _____ LLC., Partnership, Sole Proprietor,
Year end _____
Website _____
Contact Person _____ Phone _____

Customer Concentration

(circle one) **1 2 3 4 5 6 7 8 9 10**

How much of your revenue is concentrated with your largest customers? When too much of your business is concentrated in too few customers, it is perceived as a negative in the acquisition market. The concern is that if a major customer leaves, the business could be negatively impacted. There are no hard and fast rules here, but generally if you have one customer approaching 20% of your business, you are getting into the "danger zone." On the plus side, if no single customer accounts for more than 5% of total sales, that is viewed as a real plus. If you find yourself with a customer concentration issue and are planning an exit, start focusing now on a program to diversify.

Which statement best describes your company's customer concentration?

- (1) My company only has 4 customers or less.
- (2) My company has 1 or 2 customers that make up more than 50% of annual revenues.
- (3) My company has 1 to 3 customers that make-up 40% to 50% of the annual revenues.
- (4) My company's largest customer is less than 25% of revenues and any others are less than 15%.
- (5) My company's largest customer is less than 20% of revenues and all others are less than 10%.
- (6) My company's largest customer is less than 10% of revenues and all others are less than 5%.
- (7) My company's largest customer is less than 10% of revenues and all others are less than 5%.
- (8) My company's largest customers are less than 5% of annual revenue.
- (9) My company's largest customers do not exceed 3% of the annual revenue.
- (10) My company's largest customer makes up less than 1% of annual revenues.

Recurring Revenue

(circle one) **1 2 3 4 5 6 7 8 9 10**

The holy grail for many acquirers is a recurring revenue stream – and even more so when that recurring revenue stream is contractual. Keep in mind that an acquirer buys a company for the value of a future earnings stream, and a valuation is often the result of applying a discount for risk to future earnings. To maximize value, take a critical look at your customer base and wherever possible, develop a recurring revenue stream.

Which statement best describes your company's recurring revenue?

- (1) Once a sale is made it is rare to sell something else to the same customer.
- (2) 5% to 10% of customers place recurring orders.
- (3) 10% to 20% of customers place recurring orders.
- (4) 20% to 30% of customers place recurring orders.
- (5) 30% to 40% of customers place recurring orders.
- (6) 40% to 50% of customers place recurring orders.
- (7) 50% to 60% of customers place recurring orders.
- (8) 60% to 70% of customers place recurring orders.
- (9) 70% to 80% of customers place recurring orders.
- (10) 80% to 100% of customers place recurring orders.

Vendor Reliance

(circle one) **1 2 3 4 5 6 7 8 9 10**

Rank your company’s reliance upon key vendors? (1) A few products with single source of supply. (4) Many products but over 1/2 are single source. (7) Few products with 3 or more sources. (10) Many products with 3 or more sources.

Sales Trend

(circle one) **1 2 3 4 5 6 7 8 9 10**

Which statement best describes your company’s sales trend?

- (1) Contracting more than 20% per year.
- (2) Contracting 10% to 20% per year.
- (3) Contracting less than 10% per year.
- (4) Stagnate revenues with growth less than 2% per year.
- (5) Growing 2% to 7% per year.
- (6) Growing 7% to 12% per year.
- (7) Growing 12% to 25% per year.
- (8) Growing 25% to 50% per year.
- (9) Growing 50% to 100% per year. (10) Growing 100% or more per year.

Profit Trend

(circle one) **1 2 3 4 5 6 7 8 9 10**

Which statement best describes your company’s profit trend?

- (1) Contracting more than 20% per year.
- (2) Contracting 10% to 20% per year.
- (3) Contracting less than 10% per year.
- (4) Stagnate revenues with growth under 5% per year.
- (5) Growing 5% to 25% per year.
- (6) Growing 25% to 50% per year.
- (7) Growing 50% to 100% per year.
- (8) Growing 100% to 150% per year.
- (9) Growing 150% to 200% per year.
- (10) Growing 200% or more per year.

Product or Service Offered

(circle one) **1 2 3 4 5 6 7 8 9 10**

Which statement best describes your company’s product or service offered?

- (1) Customers have many choices of vendors.
- (5) We handle exclusive lines, but have to compete.
- (10) We have exclusive & proprietary products in a niche market.

Uniqueness of your Product or Service

(circle one) **1 2 3 4 5 6 7 8 9 10**

Pick a number between 1 and 10 that best describes the uniqueness of your products or services. (1) Not unique at all.

- (10) Very unique in our products or service offerings.

Percent of Revenue

(circle one) **1 2 3 4 5 6 7 8 9 10**

What percent of annual revenues are of unique products or services?

- (1) 10% or less.
- (2) 10% to 20%.
- (3) 20% to 30%.
- (4) 30% to 40%.
- (5) 40% to 50%.
- (6) 50% to 60%.
- (7) 60% to 70%.
- (8) 70% to 80%.
- (9) 80% to 90%.
- (10) 90% to 100%.

Market Share

(circle one) **1 2 3 4 5 6 7 8 9 10**

What percent of the market do you have?

- (1) 1% or less.
- (2) 1% to 5%.
- (3) 5% to 10%.
- (4) 10% to 15%.
- (5) 15% to 20%.
- (6) 20% to 30%.
- (7) 30% to 40%.
- (8) 40% to 50%.
- (9) 50% to 60%.
- (10) 60% to 100%.

Industry growth

(circle one) **1 2 3 4 5 6 7 8 9 10**

Is your overall industry growing or contracting?

- (1) Contracting more than 20% per year.
- (2) Contracting 10% to 20% per year.
- (3) Contracting less than 10% per year.
- (4) Stagnate revenues with growth under 5% per year.
- (5) Growing 5% to 25% per year.
- (6) Growing 25% to 50% per year.
- (7) Growing 50% to 100% per year.
- (8) Growing 100% to 150% per year.
- (9) Growing 150% to 200% per year.
- (10) Growing 200% or more per year.

Industry Appeal

(circle one) **1 2 3 4 5 6 7 8 9 10**

How would you judge the popularity of your Industry to someone outside the industry? (Example: Beer distributorships for Budweiser would be “10.” A maid services would be “1”).

Management Team

(circle one) **1 2 3 4 5 6 7 8 9 10**

Rank your management team as to their ability to run the business without the CEO.

(Example: “1” they would instantly fail, “10” they have been running for the past 12 months without a CEO).

Management Team

(circle one) **1 2 3 4 5 6 7 8 9 10**

Rank your management team as to their expected longevity with the company.

(Example: “1” they are not expected to remain a full year, “10” they all have 5 year *transferable* contracts with the company).

Transferability

(circle one) **1 2 3 4 5 6 7 8 9 10**

Rank your company on its ability to hold customer, vendor and employee relationships in-place if it were sold to a buyer that knew nothing about the business or industry.

(Example: “1” – all relationships would be lost, “10” relationships would remain in place).

Barriers to Entry

(circle one) **1 2 3 4 5 6 7 8 9 10**

Rank the industry’s barriers to entry.

(Example: Beverage distributorships for Coke would be “10.” Very difficult to get and a high capital investment is required. Cleaning services would be “1 .” As anyone can be in business).

Barriers to Growth

(circle one) **1 2 3 4 5 6 7 8 9 10**

How much do outside influences affect your company’s ability to grow?

“1” totally effected by outside influences, “10” not effected at all.

Degree of Automat

(circle one) **1 2 3 4 5 6 7 8 9 10**

“1” the firm is not automated. “10” the firm is highly automated and leading the rest of the industry.

Technology or Process Advantages

(circle one) **1 2 3 4 5 6 7 8 9 10**

Rank the technology or process advantages your company has versus others in the industry. “1” behind the industry. “10” far ahead of the industry.

Labor Intensity

(circle one) **1 2 3 4 5 6 7 8 9 10**

Rank the labor intensity of your company’s business model. “1” very labor intense like a cleaning service. “10” not labor intense at all like an automated website software delivery with payments made by credit cards.

Please explain 1 or 2 of the most critical threats to your business_____

Please explain the one or two most valuable elements that contribute to the success of your company.

We will be looking at the capital intensity of your business. Is the year-end balance sheet that has been provided a good representation of the capital necessary to operate the business? (circle one) (yes) (no)
If not please provide supplemental summary of needs.

It may seem trite, but how will your company show to an acquirer? Is your corporate image crisp? Are your financial statements in order and well kept? How about customer files? Is the physical facility clean? Is plant and machinery well maintained? Does your website convey the value and expertise of your company? Take a critical look at all of these areas. As much as your industry reputation matters, items like the above will continue to differentiate you from the market. It is up to you to decide if that differentiation is positive or negative.

In the end, valuation is driven by bottom line profit, but influenced by many of the above mentioned factors. Addressing these “soft” factors can make the difference between a low-range multiple and a top of the scale transaction. Work with your advisory team to start to segment away from the pack. Getting the best return on the asset you’ve worked a lifetime on is important, so put in the work now to get your transaction completed on the best possible terms.

Organization

Employees

Please provide the following information regarding your total employee count:

<i>Number of Employees:</i>	Full-time =	Part-time =	Union =
	Hourly =	Salaried =	Non-Union=

Ownership

Please provide (or verify) the following information regarding your Company's ownership structure:

<i>Name</i>	<i>Age</i>	<i>Title</i>	<i>Role</i>	<i>% Ownership</i>	<i>Avg. Hours Worked Per Week</i>

Individual Customers

In order to clarify the market and niche that your company serves, it is critical to identify your major (over 5% of Gross Sales) customers and the amount each contributes to sales.

Please list your major customers and complete the following table.

Major Customers					
Customer (by name or Client #)	Customer Type (local or national)	% of Sales This Year	% of Sales Last Year	% of Sales 2 Years Projected (2011 & 2012)	Length of Relationship (yrs.)
1		%	%	%	
2		%	%	%	
3		%	%	%	
4		%	%	%	
5.		%	%	%	

Note the customers or customer types which have beneficial factors which distinguish them from other customers, such as providing high profit margins or a high level of loyalty:

Description:

Why do they choose you?

Why do your customers purchase from you over your competitors? What separates you from your competition? Also, discuss the basis on which you compete with your competitors (i.e.: price, service, selection, location)

Why You:

Contractual Relationships

Please describe any contractual relationships you have with your customers:

Pricing

Please describe the Company's pricing methodology, comparing it with any industry standards and competitors. (i.e.: X% above cost, Tiered system depending on customers, etc.):

Description:

Facilities

Does the facility have any environmental restrictions now or in the future?

Size

	<i>Leased</i>	<i>Owned</i>	<i>Total</i>
Number of Buildings:			
Number of Square Feet:			
Sales volume supported by current facilities (\$000):			

How is business real estate owned? (you personally, in partnership w/ others, by Corp?)
Would you prefer to keep or sell your business real estate, or are you flexible?

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