

THE VALUE BUILDER SYSTEM QUESTIONNAIRE

YOUR BUSINESS

1. In one sentence, how would you describe your business to a new acquaintance? (i.e. what does your company do?)

2. Would you say that your Industry is: (Please select the best option)?
 - a. In decline
 - b. Growing at about the rate of the economy
 - c. Growing a little faster than the economy
 - d. Growing much faster than the economy
 - e. Unsure

YOUR CUSTOMERS

3. Which of the following best describes the exclusivity of your business to your customers:
 - a. We sell a commodity product/service that our customers can get from many other suppliers
 - b. We sell a product/service that our customers can get from a few other suppliers
 - c. We have a niche product/service that is unique in the marketplace so our customers would have to work hard to find another supplier of what we sell
 - d. We have a monopoly on the service/product we sell
 - e. Unsure

4. Thinking about the market share for the products/services that you sell, do you sell to:
 - a. Most of the people who buy what you provide (More than 90% of the market share)
 - b. More than half of the people who buy what you provide (More than 50% of the market share)
 - c. Less than half of the people who buy what you provide (Less than 50% of the market share)
 - d. A very small proportion of the people who buy what you provide (Less than 10% of the market share)
 - e. Unsure

5. Which of the following best describes your company's personal relationship with your company's customers?
 - a. I know each of my customers by first name and they expect that I personally get involved when they buy from my company.
 - b. I know most of my customers first names and they usually want to deal with me rather than one of my employees.
 - c. I know some of my customers first name and a few of them prefer to deal with me rather than one of my employees.
 - d. I don't know my customers personally and rarely get involved in serving an individual customer.
 - e. Unsure



6. Which of the following best describe the typical level of customization which you offer your customers?

- a. We offer a complete custom solution to meet the unique needs of each customer we serve.
- b. We have a basic set of products, methodologies and services, but we often customize them a lot for customers.
- c. We have a standardized set of products, service, and methodologies that we tweak slightly for some customers.
- d. We do not customize our products, services, or methodologies for individual customers.
- e. Unsure

7. Please estimate the percentage of your customers who are VERY SATISFIED with the services/products which your company provides:

- a. Less than 25% of our customers are “very satisfied”
- b. 25%-50% of our customers are “very satisfied”
- c. 51%-75% of our customers are “very satisfied”
- d. I’m not sure – we don’t measure our customers satisfaction

8. How often, if at all, do your existing customers refer to your company to their friends and colleagues:

- a. Always
- b. Sometimes
- c. Rarely
- d. Never
- e. Unsure

9. In the last 12 months, what proportion of your customers complained in writing (e.g. email, letter, submission to your website)?

- a. None
- b. Less than 1%
- c. 1%-5%
- d. 5%-10%
- e. More than 10%

10. Which of the following best describes your business model?

- a. Our net profit margin goes down with each new customer who buys from us
- b. Our net profit margin stays about the same with each new customer who buys from us
- c. Our net profit margin improves a little when more customers buy
- d. Our net profit margin improves a lot with each new customer who buys from us
- e. Unsure

11. How do you typically get paid by your customers?

- a. 100% billed after the customer receives what they have purchased
- b. An upfront deposit, followed by the full balance after the customer receives what they bought
- c. Spread equally over the time it takes us to deliver what the customer bought
- d. 100% billed when the customer agrees to buy
- e. Unsure

12. What percentage of your overall revenue did your largest customer represent last year?

- a. 1%-15%
- b. 16%-25%
- c. 26%-50%
- d. 51%+
- e. Unsure

13. Which of the following best describes the potential impact of losing your largest customer? Would your business:

- a. Hardly suffer at all and survive
- b. Suffer a little, but survive
- c. Suffer a lot, but survive
- d. Unsure

14. What percentage of your sales/revenue (i.e. turnover) is “recurring”? Recurring is defined as subscriptions, maintenance contracts, or annuity streams that your customers must proactively turn off or cancel in order to stop receiving the product or service.

- a. None
- b. 1%-25%
- c. 26%-50%
- d. 51%-75%
- e. 76%-100%
- f. Unsure

YOUR STAFF

15. What percentage of your company’s revenue (i.e. sales/turnover) is undertaken personally by you or your fellow equity holders?

- a. None
- b. 1%-25%
- c. 26%-50%
- d. 51%-75%
- e. 76%-100%
- f. Unsure

16. Please think of the person who contributes the most to each of the following areas of your business. How easy of difficult would it be to replace them? For section a) and b) if this person is YOU, select IMPOSSIBLE.

- a. Sales and marketing
 - i. Very easy
 - ii. Fairly easy
 - iii. Fairly difficult
 - iv. Very difficult
 - v. Impossible
 - vi. Unsure

b. Product/Service Design and Delivery

- i. Very easy
- ii. Fairly easy
- iii. Fairly difficult
- iv. Very difficult
- v. Impossible
- vi. Unsure

c. External supplier. How easy or difficult would it be to replace your most important supplier?

- i. Very easy
- ii. Fairly easy
- iii. Fairly difficult
- iv. Very difficult
- v. Impossible
- vi. Unsure

THINK AHEAD

17. In the next 12 months, do you expect your revenue (i.e. sales/turnover) to:

- a. Decrease
- b. Remain at its current level
- c. Increase by up to 10%
- d. Increase by 11%-20%
- e. Increase by 21%-30%
- f. Increase by more than 30%
- g. Unsure

18. Which of the following best describes the possibility of your company selling more to your existing customers?

- a. Our customers are pretty much tapped out – we already sell them everything they need when it comes to our products/services
- b. There are one or two complementary products or services we could be selling to our existing customers
- c. There are a reasonable amount of other products and services we could be selling to our existing customers
- d. There are lots of other complementary products and/or services we could be selling to our existing customers
- e. Unsure

19. If customers were lined up at your door to buy, would you find delivering FIVE times the current volume of what you sell:

- a. Impossible
- b. Very difficult
- c. Fairly difficult
- d. Fairly easy
- e. Very easy
- f. Unsure

20. Would replicating your business to serve a new geographical area be:

- a. Impossible
- b. Very difficult
- c. Fairly difficult
- d. Fairly easy
- e. Very easy
- f. Unsure

21. How would your business perform if you were out of action for 3 months and unable to work? Would it:

- a. Hardly suffer at all and survive
- b. Suffer a little, but survive
- c. Suffer a lot, but survive
- d. Suffer a lot and not survive
- e. Unsure

22. If you could achieve just ONE of the following goals in the next 12 months, which one would it be?

- f. Grow your top-line revenue (i.e. sales).
- g. Grow your bottom-line profit.
- h. Become better known as a master of your craft.

23. Who would you be most likely to turn to for advice on building the value of your company?

Check all that apply

- a. Accountant
- b. Business broker
- c. Business coach
- d. Business consultant
- e. Close friend or family member
- f. Exit planner
- g. Fellow entrepreneur
- h. Investment advisor
- i. Lawyer
- j. M&A professional
- k. Nobody
- l. Other (Please specify)

24. Which of the following best describes your definition of someone who is wealthy?

- a. Having enough money to do whatever you want, whenever you want
- b. An individual with at least \$10 million in investable accounts
- c. Having enough money saved up to cover your monthly lifestyle expenses for the rest of your life

25. Which of the following describes your biggest fear when it comes to selling your business?

- a. Not getting the value I think my business is worth
- b. Not having anything to do in retirement
- c. Disappointing my employees
- d. That no one can run things as well as I have
- e. That the legacy I have built will not continue or will change from what I would like it to be

26. Which of the following best describes your long-term goal for your business? I plan to:

- a. Sell my business to a third party
- b. Transition my business to my kids
- c. Transition my business to the next generation of managers
- d. Shut down my business
- e. Other (Please specify)

27. Which of the following best describes what you look for in an advisor?

- a. A track record of helping fast-growing companies
- b. A track record of helping companies in my industry
- c. A track record of helping companies in my city

FACTS & FIGURES

28. Which of the following best describes your management team?

- a. We don't have one
- b. We have a couple senior people who act as informal leaders, but their leadership roles are not clearly defined
- c. We have managers in charge of sales/marketing and producing our services/products
- d. We have a management team in place, and they have a compensation package that provides long-term financial incentive to stay with our company (i.e., more than an annual bonus)

29. What was your profit margin (before tax) in your most recent completed financial year? NOTE: Please adjust your profit margin to reflect a market rate salary for the owner(s). For example, if you withdrew \$350,000 in compensation but you could hire someone to replace you for \$120,000, then estimate what your profit margin would have been if you had only withdrawn \$120,000.

- a. We lost money
- b. 0%-10%
- c. 11%-20%
- d. More than 20%
- e. Unsure

30. What was your company's annual revenue (i.e. sales/turnover) in US DOLLARS last year?

- a. Less than \$100,00
- b. \$100,000 - \$499,999
- c. \$500,000 - \$999,999
- d. \$1,000,000 – \$2,999,999
- e. \$3,000,000 - \$4,999,999
- f. \$5,000,000 - \$9,999,999
- g. \$10,000,000 - \$19,999,999
- h. \$20,000,000+

31. When comparing your most recently completed financial year with the previous year, did your revenue (i.e. sales/turnover):

- a. Decrease
- b. Remain at its current level
- c. Increase by up to 10%
- d. Increase by 11%-20%
- e. Increase by 21%-30%
- f. Increase by more than 30%
- g. Unsure

32. Which of the following best describes your approach to financial record keeping?

- a. We give our accountant a stack of receipts and they figure it out
- b. We keep track of things ourselves using an accounting package (e.g. QuickBooks, Simply Accounting etc.)
- c. We hire an accounting firm to prepare a "Notice To Reader" statement each year
- d. We hire an accounting firm to conduct a "Review Engagement" each year
- e. We hire an accounting firm to produce "Audited Statements" each year

33. What is your typical gross profit margin? Gross profit margin is defined as the proportion (percentage) of money left over from sales (i.e. turnover/revenue) after accounting for the cost of good sold. (For example, if your company sells a product for \$200 and it costs \$80 to buy the raw materials to make your product then your gross profit would be \$120 and your gross profit margin would be 60%).

- a. Less than 40%
- b. 40% - 60%
- c. 61% - 80%
- d. More than 80%
- e. Unsure

34. Please select which of the following statements best describes your cash needs:

- a. We need more cash than we generate, so we're regularly trying to raise or borrow money
- b. We need more cash than we generate so we're occasionally trying to raise or borrow money
- c. Our business generates excess cash which we keep in the company as a "rainy day" fund
- d. Our business generates excess cash which we can distribute to shareholders regularly
- e. Unsure

35. Please estimate your influence by calculating the total number of people who have opted to receive information from you and/or your company in the form of signing up for your website (e.g. newsletter, email mailing list, or blog), Twitter “Followers”, Facebook “Fans”, RSS subscribers or people who have added you to their Google Plus “circles”.

- a. None
- b. 0 – 999
- c. 1,000 – 9,999
- d. 10,000 – 99,999
- e. 100,000+

36. Please estimate your pre-tax profit (or loss) over the last three years.

Note: Please adjust your pre-tax profits (or loss) to reflect a market rate salary for the owner(s). For example if you withdrew \$350,000 in compensation, but you could hire someone to replace you for \$120,000, then estimate what your profit would have been if you had withdrawn only \$120,000.

For all answers, please input a positive or negative number, for example \$300,000.00 or -\$124,000.00

37. Pre-tax profit last year

38. Pre-tax profit 2 years ago

39. Pre-tax profit 3 years ago

SELLING YOUR BUSINESS

40. Have you received a written offer (letter of intent, expression of interest) to buy your business in the last year?

- a. Yes
- b. No

41. What multiple of your earning did the offer represent? Please estimate the multiple using the money (or other currency like stock) that was being offered at closing. Please do not include any money being offered in the form of an “earn out”, or management contract that was contingent on your future performance.

- a. 0 times earnings
- b. 1 times earnings
- c. 2 times earnings
- d. 3 times earnings
- e. 4 times earnings
- f. 5 times earnings
- g. 6 times earnings
- h. 7 times earnings
- i. 8+ times earnings
- j. Unsure

42. Which of the following best describes your industry?

- a. Accommodation and food service
- b. Administrative and support and waste management and remediation services
- c. Agriculture, forestry, fishing, and hunting
- d. Arts, entertainment, and recreation
- e. Construction
- f. Educational services
- g. Finance and insurance
- h. Health care and social assistance
- i. Information
- j. Management of companies and enterprises
- k. Manufacturing
- l. Mining
- m. Other services (except public administration)
- n. Professional, scientific, and technical services
- o. Public administration
- p. Real estate rental and learning
- q. Retail trade
- r. Transportation and warehousing
- s. Utilities
- t. Wholesale trade
- u. Other

43. In which year did you start your business?

44. How many years do you plan to continue operation your business?

45. Please indicate that year in which you were born?