



BUSINESS CONSULTING GROUP

Business Financing or Selling Readiness Self-Assessment

Whether you are thinking about getting additional financing or selling your business, you need to be ready for the due diligence process that a prospective lender, investor or buyer will perform prior to their decision. You want to ensure the organization, operations and financials are as good as they can be and are aligned with the company's business strategy and brand promise prior to this inspection. To that end, we have assembled the following questions to assist you in assessing your company's "readiness" to be financed or sold. For each question, enter 0 to 5, with 5 being the best score. Note specific strengths, weaknesses, opportunities and threats.

| | Readiness Question | Score | Notes |
|----|--|--------------|--------------|
| 1. | Are key financial statistics (i.e., operating margins, financial ratios, etc.) at least as good as the averages for the industry or industries in which you compete? | 0 | |
| 2. | Are the management team and senior staff experienced, stable and motivated? | 0 | |
| 3. | Is there a solid diversified client base with recurring sales? | 0 | |
| 4. | Is cash flow sufficiently positive to cover operating expenses on an ongoing basis? | | |
| 5. | Is positive cash flow increasing? | 0 | |
| 6. | Is the industry growing? | 0 | |
| 7. | Does the business have a proven growth strategy in the industry (i.e., proven scalability) regardless of the industry's current position in the business cycle? | 0 | |
| 8. | Has your company anticipated and planned for potential future threats to its business from competitors or changes in its markets, and have these plans been written? | 0 | |





BUSINESS CONSULTING GROUP

| | | | |
|-------------|---|---|--|
| 9. | Is the marketing capability sufficient to implement viable growth strategies? | 0 | |
| 10. | Are sales channels producing planned results? | 0 | |
| 11. | Is production balanced to sales? | 0 | |
| 12. | Does the company have established well-documented internal operating systems and procedures that keep costs down and operations flowing smoothly and predictably? | 0 | |
| 13. | Does the appearance and functionality of the facility support the asking price? | 0 | |
| 14. | Are the financial statements audited by an external independent auditor? | 0 | |
| 15. | Are there effective financial controls in place and, if applicable, are those controls Sarbanes-Oxley compliant? | 0 | |
| Total Score | | 0 | |

Hopefully, you found value in this exercise regardless of your total score. If you have one or more low scores and/or identified any unrealized opportunities, weaknesses or threats, or would prefer an objective, independent assessment of your company, please send us an email or give us a call. There is no charge unless and until you agree we can add value to your situation and we both agree on the terms of our involvement.

