Business Condition Assessment Worksheet

What Business Buyers Seek	Assess Current Condition Yes No	Gauge Need for Improvement High Medium Low	Estimate Timeframe Required for Improvement
Revenues and Profits			
Over the past three years, have revenues consistently increased?	☐ ☐	☐ ☐ ☐	_____
Have profits consistently increased, or at least remained steady?	☐ ☐	☐ ☐ ☐	_____
Have costs and operating expenses remained under or at least at the rate of revenue increases?	☐ ☐	☐ ☐ ☐	_____
Is financial information documented in financial statements that meet generally accepted accounting principles (GAAP)?	☐ ☐	☐ ☐ ☐	_____
	***Yes* answers** contribute to sale-readiness. ***No* answers**, unless due to understandable circumstances, indicate need for pre-sale improvement.		
Financial Condition			
Do business assets exceed business liabilities?	☐ ☐	☐ ☐ ☐	_____
Is the business consistently able to cover its costs and expenses using only sales revenue?	☐ ☐	☐ ☐ ☐	_____
	Yes* answers** indicate financial solvency, a basic requirement for sale-readiness. ***No answers indicate solvency challenges and need to decrease debt while increasing revenue and asset value.		

Legal Condition			
Is the business clear of liens, claims or encumbrances?	☐ ☐	☐ ☐ ☐	_____
Is the business clear of legal actions, pending litigation or investigations?	☐ ☐	☐ ☐ ☐	_____
Is the business clear of unfunded liabilities, unpaid insurance premiums or unresolved claims or disputes?	☐ ☐	☐ ☐ ☐	_____
Are all licenses up to date?	☐ ☐	☐ ☐ ☐	_____
If the business has provided product guarantees, is it clear of any liability issues?	☐ ☐	☐ ☐ ☐	_____
	Yes answers indicate clean legal condition, a requirement of buyers. ***No answers*** indicate need to address legal issues prior to a sale offering; otherwise they must be disclosed in the Selling Memorandum. If discovered during due diligence, they would likely put the sale in jeopardy.		

Products and Services			
Does the business offer products or services that are distinct and superior to those of competitors?	☐ ☐	☐ ☐ ☐	_____
Does the business use a proprietary production or business process that serves as a barrier to competitors?	☐ ☐	☐ ☐ ☐	_____
Is the way the business produces or delivers its offerings one that a new owner can easily adopt and carry on?	☐ ☐	☐ ☐ ☐	_____
Are production processes detailed in an operations manual or other formats?	☐ ☐	☐ ☐ ☐	_____
Will staff and management stay with the business post-sale to help the new owner during the transition?	☐ ☐	☐ ☐ ☐	_____
	Yes answers indicate conditions that contribute to business attractiveness and sale-readiness. ***No answers*** indicate need to improve product distinction and production processes, document systems and review staffing prior to a sale offering.		

Location			
If the business relies on local or regional clientele, is it located in a market where the number of prospective customers is steady or increasing?	☐ ☐	☐ ☐ ☐	_____
If the physical location of the business is important to success and not owned by the business free and clear, is the lease long-term and transferable?	☐ ☐	☐ ☐ ☐	_____
Is the business location clear of geographic or demographic changes that could threaten its viability, i.e. zoning changes, redevelopment, school closure or disruptions such as plans for major roads or railway?	☐ ☐	☐ ☐ ☐	_____
Does the business operate in an industry or business sector B??????			
Is the physical location of the business modern, well-designed, and attractive so that it makes a good first impression during a prospective buyer's first visit?	☐ ☐	☐ ☐ ☐	_____
	☐ ☐		
	Yes answers indicate that the business location and business sector positively affects its attractiveness and sale-readiness. ***No answers*** indicate need to improve either physical location or reliance on factors that are causing potential threats or weakness.		

Facilities and Equipment Does the business have modern facilities and equipment? If equipment leases are involved, are they long-term and transferable?	☐ ☐ ☐ ☐ ***Yes answers*** indicate conditions that contribute to business attractiveness and sale-readiness. ***No answers*** indicate need to consider facilities and equipment upgrades and lease renegotiations prior to a sale offering.	☐ ☐ ☐ ☐ ☐ ☐	_____ _____
Staffing Other than the owners does the business have an organizational structure with key managers and staff capable of supporting business success even in the owner's absence, and who can provide continuity after the sale? Have key staff members signed employee contracts that will ensure a smooth transition to a new owner? Are staffing policies outlined in an employment policy manual	☐ ☐ ☐ ☐ ☐ ☐ ***Yes answers*** indicate an organizational structure and staffing situation that contributes to business attractiveness and sale-readiness. ***No answers*** indicate need to strengthen management, staffing, staffing policies and documentation prior to a sale offering.	☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐	_____ _____ _____ _____

Clientele			
Does the business have a loyal clientele?	☐ ☐	☐ ☐ ☐	_____
Unless it is designed to serve as a supplier or contractor for only one or a few clients, does the business serve a broad client roster rather than reliance on a few large clients?	☐ ☐	☐ ☐ ☐	_____
Have major clients signed long-term and transferable contracts with the business?	☐ ☐	☐ ☐ ☐	_____
Does the business maintain a client or customer relationship database that a new owner can rely on?	☐ ☐	☐ ☐ ☐	_____
Do customers rely on the offerings of the business and expertise of the staff as much or even more than on the owner's personal expertise and interaction?	☐ ☐	☐ ☐ ☐	_____
	Yes answers indicate conditions that positively affect business attractiveness, transferability and sale-readiness. ***No answers*** indicate need to broaden client base, strengthen or establish a client database, enhance customer loyalty, and strengthen client trust and relationships with the business rather than with the owner personally.		

Brand and Reputation Does the business have a name that is well-known and respected in its market area and business sector?	☐ ☐	☐ ☐ ☐	_____
Does the business own its name via trademark, as a domain name, and on major social media channels?	☐ ☐	☐ ☐ ☐	_____
Does the business have strong and positive online presence including good standing in search results and favorable online reviews and ratings?	☐ ☐	☐ ☐ ☐	_____
Does the business have strong and effective marketing tools?	☐ ☐	☐ ☐ ☐	_____
	Yes answers indicate conditions that positively affect business attractiveness, transferability and sale-readiness. ***No answers*** indicate need to improve community and industry relations, to strengthen name awareness and business reputation, and to develop online presence and marketing tools.		

Transferability			
Are customers, especially major customers, committed to and served by the business and not just the owner?	☐ ☐	☐ ☐ ☐	_____
Are business capabilities and processes and systems well-defined, well-documented, and easy to adopt?	☐ ☐	☐ ☐ ☐	_____
Are business contracts with customers, suppliers, distributors and other key associates transferable?	☐ ☐	☐ ☐ ☐	_____
Are leases on facilities and equipment long-term and transferable?	☐ ☐	☐ ☐ ☐	_____
Have key employees signed employment contracts and do they participate in profit sharing programs, employee benefit plans and other incentives that keep them with and loyal to the business?	☐ ☐	☐ ☐ ☐	_____
	Yes answers indicate conditions that positively affect business attractiveness, transferability and sale-readiness. ***No answers*** indicate need to overcome Trantransferability issues before a sale offering.		