

# Business Checklist

By Brenda the Broker

## 1.0 THE COMPANY

- 1.1 Present legal name
- 1.2 Address and phone number of main office
- 1.3 Type of business
- 1.4 Description of business activity
- 1.5 Changes in business activity
- 1.6 Date company originated
- 1.7 State of incorporation
- 1.8 States where allowed to do business
- 1.9 List of subsidiaries – divisions
- 1.10 Address of all facilities
- 1.11 List of shareholders
- 1.12 Number of shares owned by principals
- 1.13 List of types of securities
- 1.14 Number of shares outstanding
- 1.15 Number of shares in float if publicly held
- 1.16 Price range of stock if publicly held
- 1.17 Stock sales volume if publicly held
- 1.18 Number of shares of treasury stock
- 1.19 List of other operating investments and mounts
- 1.20 List of any unusual situations or circumstances
- 1.21 Name, address, phone number of company's bank
- 1.22 Name, address, phone number of company's auditor
- 1.23 Name, address, phone number of company's attorney
- 1.24 Name, address, phone number of other company advisors

## 2.0 HISTORICAL SUMMARY

- 2.1 Year company was originally formed
- 2.2 Reason for founding
- 2.3 Names of founders and successors
- 2.4 Review of sales progress
- 2.5 Review of profit progress
- 2.6 Review of product line history

### **3.0 MANAGEMENT, PERSONNEL, AND POLICIES**

- 3.1 Number of employees by department
- 3.2 Organization chart
- 3.3 List of officers
- 3.4 Operations manual
  - 3.4.1 List of all duties?
  - 3.4.2 Is it up to date?
- 3.5 Information on principals and key employees
- 3.6 List and summarize employment contracts
- 3.7 Are there new management requirements?
- 3.8 Is secondary management strong?
- 3.9 Will management stay if there is a change of ownership?
- 3.10 What are the rates of compensation for management?
  - 3.10.1 List of salaries of key executives
  - 3.10.2 Is there an incentive program?
- 3.11 Are outside consultants used?
- 3.12 Are office accommodations appropriate?
- 3.13 How is morale?
- 3.14 List fringe benefits to management
- 3.15 Production labor (if manufacturing)
  - 3.15.1 Average hourly rate
  - 3.15.2 Name of unions
  - 3.15.3 Past labor relations
  - 3.15.4 Present or future labor programs
  - 3.15.5 List of hourly rates and job classifications
  - 3.15.6 Payroll procedures
  - 3.15.7 Productivity experience
  - 3.15.8 General employee morale
  - 3.15.9 Procedures for hiring and firing
  - 3.15.10 Union contract expiration dates
  - 3.15.11 Number of hours in work week
  - 3.15.12 Advancement and promotion procedures
- 3.16 Employee benefits
  - 3.16.1 Incentive plans
  - 3.16.2 Pension plans
  - 3.16.3 Vacation plans
  - 3.16.4 Number of paid holidays
  - 3.16.5 Medical, life insurance, dental
  - 3.16.6 Stock options
  - 3.16.7 Bonuses
  - 3.16.8 Profit sharing
  - 3.16.9 Recreation facilities
  - 3.16.10 Employee discounts
  - 3.16.11 Employee social functions

## **4.0 THE FACILITIES**

- 4.1 Land and buildings
- 4.2 Location and zoning
- 4.3 Legal description and ownership
- 4.4 Mortgages (amount, terms and conditions)
- 4.5 Description of lease(s)
- 4.6 Appraisals (if owned)
- 4.7 Plans and drawing
- 4.8 Insurance
  - 4.8.1 Sprinklers
  - 4.8.2 Fire protection
  - 4.8.3 Police protection
- 4.9 Condition
- 4.10 Repairs needed
- 4.11 Improvements
- 4.12 Amount of square feet in buildings
- 4.13 Amount of square feet of land
- 4.14 Amount of rent
- 4.15 Amount of property taxes
- 4.16 Amount of office space in building
- 4.17 Amount of warehouse space
- 4.18 Number of shipping docks
- 4.19 Type of electrical power
- 4.20 Compliance with OSHA
- 4.21 Compliance with Environmental Protection Agency
- 4.22 Space for expansion
- 4.23 Location of public storage facilities
- 4.24 How long will existing facilities be appropriate?
- 4.25 Where would you move if you had to?
- 4.26 What are comparable property costs?
- 4.27 Are security systems adequate?
- 4.28 Housekeeping
- 4.29 Is location desirable
  - 4.29.1 Labor
  - 4.29.2 Marketing
  - 4.29.3 Shipping
  - 4.29.4 Materials
  - 4.29.5 Transportation
- 4.30 What is production and sales capacity of facilities?
- 4.31 What percent of present facilities are being used?
- 4.32 If retail facilities –
  - 4.32.1 Approximate size of trade areas
  - 4.32.2 Demographics of trade areas
- 4.33 Location of nearest:
  - 4.33.1 Post office
  - 4.33.2 Airport
  - 4.33.3 Rail

- 4.33.4 Port
- 4.34 Is area served by common carries and United Parcel?

## **5.0 EQUIPMENT**

- 5.1 List of equipment age, date purchased, cost, stock number, condition
- 5.2 List of tooling, dies, jigs, fixtures
- 5.3 Obsolescence
- 5.4 Depreciation policy
- 5.5 Own vs lease
- 5.6 Adaptability for other operations
- 5.7 Can resell?
- 5.8 Maintenance costs
- 5.9 Replacement costs
- 5.10 Is equipment laid out properly?
- 5.11 Does equipment comply with OSHA?
- 5.12 Is equipment safe?
- 5.13 Equipment parts policy
- 5.14 Noise pollution conditions
- 5.15 Preventive maintenance policy

## **6.0 PRODUCTION (IF MANUFACTURING)**

- 6.1 Production costs
  - 6.1.1 Labor costs as percent of sales
  - 6.1.2 Material cost as percent of sales
  - 6.1.3 Manufacturing overhead as percent of sales
  - 6.1.4 Possible improvements and economics
  - 6.1.5 Future cost prospects for labor, material, and manufacturing overhead
  - 6.1.6 Production costs and profits by product
- 6.2 Production procedures
  - 6.2.1 Are production schedules established and kept current?
  - 6.2.2 Flexibility
    - 6.2.2.1 Is there flexibility to increase and decrease production?
    - 6.2.2.2 Can profit margins be maintained?
  - 6.2.3 What is the minimum production required for break-even?
  - 6.2.4 Are assembly procedures efficient?
  - 6.2.5 What percent of product is bought out?
  - 6.2.6 Quality control and inspection
  - 6.2.7 How is salvage handled?
  - 6.2.8 Are materials handling procedures efficient?
  - 6.2.9 Are all safety precautions being followed?
  - 6.2.10 Are preventive maintenance procedures followed?
  - 6.2.11 Is there a continuing program to improve procedures?
  - 6.2.12 List the production obstacles
  - 6.2.13 What is maximum production capacity with existing equipment?

- 6.2.14 Type of cost controls
- 6.2.15 How often is physical inventory taken?
- 6.2.16 Are there time studies?
- 6.2.17 Lead time
  - 6.2.17.1 How long?
  - 6.2.17.2 Can be reduced?
- 6.2.18 Is there proper coordination between sales and production?

## **7.0 ENGINEERING – RESEARCH – DEVELOPMENT**

- 7.1 R&D cost as a percent of sales
- 7.2 Number of employees
- 7.3 Explain market research program
- 7.4 Furnish list of patents, copyrights, trademark, and all new applications
- 7.5 What is patent agreement with employees?
- 7.6 Is there patent licensing arrangements?
- 7.7 Is current R&D budget sufficient to maintain the company's competitive position?

## **8.0 MARKETING AND PRODUCTS**

- 8.1 Product lines
- 8.2 List of principal products
- 8.3 If retail or distribution:
  - 8.3.1 Identify suppliers
  - 8.3.2 Exclusive arrangements/contracts
  - 8.3.3 Length of relationship
- 8.4 Uses and application
- 8.5 Brochures and price lists
- 8.6 Competitors
  - 8.6.1 List with estimated sales and profits
  - 8.6.2 Competitors brochures and price lists
  - 8.6.3 Nature of trade practices
  - 8.6.4 Price comparisons
  - 8.6.5 Packaging comparisons
  - 8.6.6 Utility comparisons
  - 8.6.7 Value comparisons
  - 8.6.8 Type of cooperation
- 8.7 Seasonality
  - 8.7.1 Are there seasonal characteristics?
  - 8.7.2 Other available products to round out season
- 8.8 Pricing
  - 8.8.1 What effect would an increase have?
  - 8.8.2 Are prices stable?
  - 8.8.3 Future pricing considerations
  - 8.8.4 Are there fair trade laws?
  - 8.8.5 How many different price lists?

- 8.8.6 What are bidding conditions?
- 8.8.7 Should prices increase on some products?
- 8.8.8 Should prices decrease on some products?
- 8.8.9 How complete is product line?
- 8.8.10 What effect does general economic conditions have on product line?

## 9.0 SALES

- 9.1 Breakdown by product last 5 years
- 9.2 Breakdown of product next 5 years
- 9.3 Methods of distribution
  - 9.3.1 Should a change be considered?
  - 9.3.2 Are all markets being covered?
  - 9.3.3 Should some markets be eliminated?
  - 9.3.4 Should the company go direct?
  - 9.3.5 Can methods of obtaining, distributors or dealers be improved?
  - 9.3.6 Identify specific areas covered
  - 9.3.7 Are customers faithful to the company?
  - 9.3.8 Is there a big turnover of customers?
  - 9.3.9 What is the nature of reorders?
  - 9.3.10 Is there use of a private brand?
  - 9.3.11 Are other methods of distribution being considered?
  - 9.3.12 Can sales to Original Equipment Manufacturers be profitable?
  - 9.3.13 Do customers have a good attitude toward company? How can it be improved?
  - 9.3.14 What effects does franchising have?
- 9.4 If retail:
  - 9.4.1 Should more stores be opened?
  - 9.4.2 Should some existing stores be closed?
  - 9.4.3 What areas or stores?
  - 9.4.4 Credit policies
  - 9.4.5 Sales department
    - 9.4.5.1 Number of employees and organization chart
    - 9.4.5.2 What are sales methods?
    - 9.4.5.3 Percent of sales to top 5 customers
    - 9.4.5.4 List top 20 customers and sales volume
    - 9.4.5.5 How are salespeople paid?
    - 9.4.5.6 Types of sales incentive program
    - 9.4.5.7 Nature of sales expenses
    - 9.4.5.8 Should sales expenses be increased or decreased?
    - 9.4.5.9 Can existing profit margin afford change?
- 9.5 New business
  - 9.5.1 What is being done to get it?
  - 9.5.2 What percent are new customers each year?
  - 9.5.3 How can existing customer sales be increased?
  - 9.5.4 How can average order be increased?
  - 9.5.5 Are there special promotions? Should they be increased or decreased?

- 9.5.6 What is policy on service and returns?
- 9.6 Sales forecasts
  - 9.6.1 Are sales forecasts and budgets kept current?
  - 9.6.2 How accurate have they been?
  - 9.6.3 Does the company know where it wants to be in 5 years?
  - 9.6.4 How can it reach that goal with existing program?
  - 9.6.5 How does the company develop new products?
  - 9.6.6 Is proper use made of telephone?
  - 9.6.7 Are sales people making best use of time?
- 9.7 Government business
  - 9.7.1 Is company getting its share of government business?
  - 9.7.2 How can present program be improved?

## **10.0 ADVERTISING AND SALES PROMOTION**

- 10.1 Name and address of advertising agency
- 10.2 To what extent does it do its own advertising?
- 10.3 Is present agency doing a good job?
- 10.4 Is advertising budget on target?
- 10.5 List of advertising media
- 10.6 What is dollar amount of advertising budget?
  - 10.6.1 As percent of sales?
  - 10.6.2 Breakdown of budget for magazines, newspapers, trade directories, mail order, phone directories, radio, TV, trade shows, special promotions, premiums
- 10.7 Is a steady public relations program maintained?
- 10.8 Does the company make use of testimonials?
- 10.9 How often does a publicity release go out?
- 10.10 Is company image and logo right?
- 10.11 How many trade shows are attended?
- 10.12 Is advertising program ready for a new theme?
- 10.13 Are mailings made at lowest rate?
- 10.14 Are customers and potential customers being followed up as part of each campaign?
- 10.15 Are results of advertising being measured?

## **11.0 FINANCIAL**

- 11.1 Current financial statements
- 11.2 Financial statements past 5 years
- 11.3 Summary of past 10 years
- 11.4 Average profit for past 3 years – dollars and percent of sales
- 11.5 Projection for next 5 years
  - 11.5.1 Sales and profits
  - 11.5.2 Cash flow
  - 11.5.3 Dividend policy and record for past 5 years

Notes: