

ADDITIONAL QUESTIONS TO ASK IN A BUY-SELL SCENARIO

Business Ownership

- Who started the company?
- Do the owners play an active role?
- Could you survive if one owner was no longer a part of the business?
 - Which owner and why?
- What is ownership percentage based on?
 - Has it changed?
 - Will it change?
- How is compensation determined?
- Who are family members?
 - What is their relationship?
- Are there any health issues with owners?
 - Is that a factor in business?

Business Entity

- How or why was business entity chosen?
- Has it changed and why?
- Do you foresee it changing in the future and why?

Reasons for Buy-Sell Agreement/Events

- Is there one most important reason?
- Have the owners talked about these reasons among themselves?
 - Among their families?
- Do you think that there might be estate tax issues?
 - Have you talked to anyone about this?
- Are there any estate planning issues that should be addressed in Buy-Sell Agreement?
 - Ability to gift, etc?

Events addressed by Buy-Sell Agreement

- If one of these events was not addressed, why not?
- How would the business pay an owner who was disabled?
- At what age do you expect to retire?
- Have there been any divorces?
 - How did they affect the business?
- Have there been any bankruptcies or claims?
 - How did they affect the business?
 - Any owners with outside business interests?
- Any business owners who have used business interests to collateralize a loan?

Value of Business

- If I wrote a check today to sell the business to me, what would it have to be?
- How has the business value grown in the last 5 years?
 - What do you think it will be in 5 years, 10 years?
- Have you had a professional valuation?
 - How? What was value?
 - Who did it?
- What percentage of your net worth is tied up in the business?
- Do you have key employees?
 - What have you done to tie them to the business?
 - Would you like to tie them to the business/for how long?

Last 3 years revenues/profits

- Why have the business profits gone up/down?
 - What do you expect will happen over the next 5 to 10 years?
- Is there one thing that will affect your business revenue and profits?
 - Can you control it?
- Is there one person who is most responsible for the revenue and profits?

Will the business be sold or passed on at death?

- If you have not decided, why not and when will you?
- If passed on, to whom?
 - Are they part of the business now?
 - What is their job? How are they doing?
 - What is their relationship with other owners?
 - Are there family owners who are not in the business whom you would want to benefit from value of business?
- If sold to owners/business:
 - Is final percentage of ownership worked out now?
 - Are there skills that other owners lack?
 - Will others have to be hired to fill that skill-set?
- If sold to third party:
 - Why? What does third party bring to company?
 - Is third party part of company now?
 - What is being done to keep third party?
- If no funds set aside:
 - How will you pay?
 - Is there a plan set up?
 - If I can show you an efficient way to fund, would you be interested?
- If insurance is not in place:
 - Have you ever looked at purchasing insurance coverage? If you have, why didn't you buy?
 - If I can show you an efficient way to fund, would you be interested?
- If insurance is in place:
 - Who did you buy from? What is relationship today with agent?
 - Do you know life insurance costs have comedown dramatically in the last 10 years? Have you reviewed your policies lately?
 - The disability insurance marketplace has changed lately. Have you reviewed that coverage?

Advisors

- How did you pick your advisors? Are they friends of any of the owners?
- Have they worked with you on your Buy-Sell Agreement?
- Can I contact your Attorney and CPA directly to discuss the Buy-Sell Agreement and funding?