


# DUE DILIGENCE DOCUMENT REQUEST & QUESTIONNAIRE

We Buy and Sell Blue Collar Businesses

| |
|---|
| **Company Name:** |
| **Prepared By:** |
| **Date Prepared:** |
| **Contact Email:** |
| **Contact Phone:** |

***Instructions:*** *Please complete this form electronically.*

## Section 1: Requested Documents

1. Most recent 3 years company financial statements (including Balance Sheets and Income Statements, Statement of Cash Flows, P&L's and Tax Returns).

2. Articles of Incorporation (corporation) or Organization (LLC) or Other Formation Documents.

3. Cap-Table (ownership) and description of entity structures for the business.

4. Shareholder Agreement (corporation), Operating Agreement (LLC) or Partnership Agreement (partnership) + any Buy/Sell Agreements.

5. Copies of Equity Purchase Options Issued Ledger (if any options have been issued).

6. Copies of Fund-Raising documents if any funds have been raised (e.g., Private Placement Memorandum, Offer Decks, Subscription Agreements + Securities Filings for public entities).

7. Organizational Chart.

8. Job Titles + Job Descriptions for Management and Employees.

9. Employee Name List (include job title and salary, and bonus/variable comp/performance pay plan for each, if applicable) and employment date and whether W-2 employee or 1099 contractor.

10. Employee Agreements/Contracts, including Employee Invention Assignment Agreements, Work-For-Hire, and Non-Compete, Non-Circumvention Agreements.

11. Employee Handbook.

12. Summary Description of Employee Benefits Package (if applicable).

13. Copyrights (indicate those that are registered), Trademarks/Trade Names (indicate those that are registered), and Patents (Indicate Issued or Pending).

14. Any permits/licenses/certifications required to run the company.

15. Domain Names Owned (Indicate Those In Use).

16. 3rd Party Contractor/Consultant/Vendor/Supplier Agreements.

17. Documented SOPs whether links to company WIKI, or other training, software online or offline training and procedure guides or checklists for management and employees.

18. Hiring or onboarding manuals and processes.

19. List of training resources or programs available to employees and/or management.

20. Any certifications obtained by employees.

## Section 2: Finances

**1. Does the company have audited financial statements? Reviewed? Any 3rd party preparers of the company financial statements and/or state and federal tax returns?**

**2. Does the company prepare regular budgets? Please describe the frequency, process and monitoring of such budgets along with copies.**

**3. What financial accounting system(s) does the company use to track company revenues and expenses?**

**4. Do you have an internal bookkeeper, controller, or Chief Financial Officer? Please describe the position title, job description and brief description of who occupies those positions and their background experience.**

**5. What financial dashboards or information and reports is produced by the company or third parties and distributed to company personnel? Please describe reports/information, distribution scope/personnel, and frequency.**

**6. Does the company currently have any debt or credit facilities? If so, please describe along with available credit, debt balances and any debt covenants/limits applicable for each along with maturity date.**

**7. Is the company in default on any debt or credit facility?**

## Section 2: Finances (continued)

**8. Is the company current on state and federal payroll taxes, state and federal income taxes, state and federal sales and use taxes, and other taxes to which it is subject?**

**9. Through what service do you pay your employees? (Internal Payroll? 3rd Party Service). Who if anyone is the contact for that service?**

**10. Does the company carry any accounts receivable, and if so, is there an accounts receivable waterfall available to determine days outstanding?**

**11. Current Inventory List and Depreciation Schedule (if applicable).**

**12. Current Equipment List.**

**13. For inventory how many turns of inventory per year occur? Is there a process for reviewing, identifying and liquidating obsolete or "dead" inventory?**

**14. How is inventory tracked? How often?**

## Section 2: Finances (continued)

**15. Are there any large capital expenditures the company needs or plans to make within the next 12 months? 24 months? 36 months?**

**16. Are there any large non-recurring expenses that are currently reflected on the last two years of the company's income statement?**

## Section 3: Exit / Sale

**1. Have you ever had a third-party appraisal completed for your business? If so, when, by whom, for what purpose, and what was the result?**

**2. Are there any equity options, phantom equity, profits interests, revenue share agreements or other equity-like rights owned or controlled by anyone with respect to the company?**

**3. Has the company or its owners executed any effective put or call options with respect to the company's equity?**

## Section 4: Strategy & Growth

**1. Does the business currently have a mission or vision statement?**

**2. Do you have any statement of values (e.g., a “we believe”) video or other similar materials, or a character diamond or similar descriptions of positioning for your company?**

**3. How would you describe the company's overarching business model?**

**4. How do you see the business being different from the way it is now five years from today?**

**5. What do you see as the most attractive growth opportunities in terms of growing margin, current target customer base, expanded TAM, increasing AOV, LCV, and purchase frequency, adding new products and/or services, adding new marketing and sales channels, etc.?**

**6. Does the company have any formal or informal processes for documentation, ideation, discussion, evaluation, prioritization, green-lighting, implementation, measurement and/or monitoring of growth opportunities?**

**7. How do you measure the business's success both internally (employees, finance, marketing, sales, operations, etc.) and externally (customers, suppliers, contractors, general public), and what tools, processes and KPIs do you use to measure those things?**

## Section 4: Strategy & Growth (continued)

**8. What "moats" has the company created that make it different and better than its competitors? (This can be what the company does best or a brief description of its super-powers, as well as other competitive advantages like defensible intellectual property [patents, copyrights, trademarks, etc.], or other differentiating factors.)**

**9. What are the company's biggest strengths?**

**10. What are the company's biggest weaknesses?**

**11. What are the company's biggest opportunities?**

**12. What are the company's biggest threats?**

## Section 5: People

**1. Do you currently have a company operating system (EOS, Scalable OS or similar) that you use to operate the business? Please describe briefly.**

**2. What scheduled meetings does the company hold ranging from daily to weekly, monthly, quarterly, and annually? Please provide a brief description of the meeting name, attendees, and purpose.**

**3. What hours are you open?**

**4. Are some employees on call after hours and on the weekends?**

**5. How many hours per day/week are you currently working in or on the business?**

**6. Does the company run more than one shift? If so, how many? What does that look like?**

**7. Have you ever conducted a time study to determine what tasks you spend the bulk of your time doing? If so, how did you conduct the study and what did you find takes up most of your time?**

## Section 5: People (continued)

**8. Do you conduct any time studies or 3rd party testing (Kolbe, Meyers-Briggs, etc.) of your leadership and/or employees? Please describe tests used and application of learnings from them.**

**9. How do you find people to work for you? Word of Mouth applicants? Referrals? LinkedIn organic? Other organic? Job Sites? Ads? Recruiters? Search Firms?**

**10. Do you have any key open roles that need to be filled? What is the process for filling open roles?**

**11. Do any current employees have the ability to take on more responsibility?**

## Section 6: Product / Services

**1. What are the company's current products, services and prices for each?**

**2. Profit margin for each product or service (if available).**

**3. Are there any current plans for the roll-out or launch of new products? If so, what are they and what is product pricing?**

**4. What is the sales process to generate revenue from repair work, material supplies, and installs sales?**

**5. What marketing does the company do?**

**6. Has the company won any awards for its products or services?**

**7. Does the company measure customer satisfaction through a formalized customer feedback score mechanism such as NPS or Customer Satisfaction Score?**

**8. How do the company's products and/or services compare with its competitors' products and services?**

## Section 6: Product / Services (continued)

**9. Who are the company's largest direct competitors (selling the same or similar solution to the same or similar audience)?**

**10. Who are the company's largest indirect competitors (offering substitute or replacement solutions to the same or similar audience)?**

**11. What are the company's largest competitors' (both direct and indirect) biggest strengths and weaknesses?**

**12. Who are the company's current vendors and suppliers? Does the company have any exclusive agreements or contracts with any of its suppliers? If so, please describe nature and term of that relationship.**

## Section 7: Customers

**1. In which locations (states/countries) does the company do business?**

**2. Please provide a general description of the company's customers and any demographic or psychographic information the company has about those customers.**

**3. Do you have distinct buyer personas for each product or service that the company offers? If so, please provide them.**

**4. What is the company's current total addressable market (“TAM”)? Have you explored enlarging or reducing the company's current TAM? If so, please describe in what way and why?**

**5. Could the company be relocated?**

**6. Could the company expand to other locations?**

## Section 8: Technology

**1. What software and hardware does the company use?**

**2. Does the company outsource any of its IT responsibilities?**

**3. Does the company integrate AI in any capacity? If so, how?**

## Section 9: IP Assets

**1. What is the company's intellectual property, and to whom is it registered as owner?**

**2. Does the company own any patents, copyrights, trademarks, or trade secrets? If the company owns any trade secrets, how and what steps does it take to protect those trade secrets?**

**3. How does the company protect its IP? Is there a process for the protection and review of the protection of company IP?**

## Section 10: Physical Assets

**1. What inventory and equipment does the company have on hand, and how does the company track the maintenance and likely need for replacement of such equipment, including estimated remaining useful life and any sinking funds or other processes for preparing for future capital expenditures?**

## Section 11: Legal

**1. What is the company's past, current, and future litigation history?**

**2. What are the terms of the current lease and is it transferable?**

**3. What are the laws and regulations that apply to the company and its industry?**

**4. Please describe insurance coverage in place, including: general comprehensive liability, product liability, officer/director liability, key person, property casualty, business interruption, disability, professional liability, workers' compensation, cyber, vehicle, commercial property, and IP insurance.**

**5. Does the company abide by the FTC guidelines when creating marketing materials? What is the process for legal review and compliance?**

**6. Are any employees or the company itself currently under investigation by regulatory/law enforcement agencies?**