

# The Discover Assessment

Let's take a look at your business operations and discover your current business value.

We will ask you to rate your performance for the following 18 different drivers that propel your business:

## Market Drivers

- Growth
- Large Potential Market
- Dominant Market Share
- Recurring Revenue
- Barriers to Entry
- Product Differentiation
- Brand
- Margin Advantage
- Customer Diversification

## Operational Drivers

- Company Overview
- Financial
- Sales & Marketing
- Operations
- Customer Satisfaction
- Senior Management
- Human Resources
- Legal
- Innovation

Please tell us some basic information about your business.

Business Name: \_\_\_\_\_

Business Postal Code: \_\_\_\_\_

Business Country: \_\_\_\_\_

Type of Entity (Choose only one):

- S Corporation
- Sole Proprietorship
- Partnership
- Limited Liability Company (LLC)
- C Corporation

Industry Sector (from the official NAICS Codes - please choose only one):

- Agriculture, Forestry, Fishing and Hunting
- Mining
- Utilities
- Construction
- Manufacturing
- Wholesale Trade
- Retail Trade
- Transportation and Warehousing
- Information
- Finance and Insurance
- Real Estate Rental and Leasing
- Professional, Scientific, and Technical Services
- Management of Companies and Enterprises
- Administrative and Support and Waste... Services
- Educational Services
- Health Care and Social Assistance
- Arts, Entertainment, and Recreation
- Accommodation and Food Services
- Other Services (except Public Administration)
- Public Administration

Number of Employees : \_\_\_\_\_

Year Business Established: \_\_\_\_\_

Revenue: \* \_\_\_\_\_

(This can be from last year or a three year average)

Profits (EBITDA): \* \_\_\_\_\_

(Dollar amount after all expenses have been paid)

### Business Objective

While you may have several objectives in mind for the business, please let us know what's most important to you. Your answers here do not impact your final scores, but do help us to understand the needs of the private business community.

My business objective is to... (Choose only one)

- Create sustainable growth
- Prepare to sell my business
- Acquire another business
- Strengthen my operations
- Renovate or repair my operations
- Align my team

### Business Capital

Within the next 24 months, will you need access to more capital?

- Yes
- No

Do you have a personal financial plan that dovetails your business and personal objectives?

- Yes
- No

## Discover The Core Eighteen Drivers

Now let's explore each individual driver. Choose the best answer that fits your business today.

### Growth

Growth refers to a company's top line revenue.

Does the business have a history of consistent growth greater than its competitors, coupled with projected future revenue growth above the market's rate?

- My business is on fire.
- We're growing at a good clip.
- We're holding steady.
- Business is slowing down.
- Honestly, things aren't so good right now.

### Potential Market

The larger the market (tapped and untapped) the more attractive it is because it represents more opportunities. However, being a leader in a smaller niche is also attractive. Even if you have a true competitive advantage, a growth market is almost always favored.

Does the market support significant growth of the business?

- Our market is enormous.
- Our market is very large.
- Our market is pretty big.
- Our market is on the smaller side.
- Our market is pretty small.

### Market Share

If your company sells products or services in more than one market, think about your primary market, or the market that is most fundamental to the success of your company.

Does the business own the highest percentage of the available market relative to its competitors?

- We have the highest share of the market.
- We're near the top.
- We're right in the middle.
- We're one of the smaller players.
- We're practically invisible.

## Recurring Revenue

A fundamental metric in measuring the value of a business is the degree to which it can generate recurring, profitable revenue from customers. Sticky revenue occurs when buyers are compelled to keep purchasing from a company. Contracts are the best way to guarantee future revenue, but other examples include a long-term lease on a high traffic location, a strong loyalty program that rewards future purchases, etc.

Can the business rely on a portion of future revenue from contractually committed customers?

- We have assurances of nearly all future revenue.
- We have assurances of more than half our future revenue.
- We have some contracts or other reasons why we're confident in future revenue.
- We have only a few contracts or other reasons why we're confident in future revenue.
- We're not very confident in our future revenue.

## Barriers to Entry

Barriers to entry may include legal, capital, and/or market barriers.

Are there significant obstacles facing a new entrant into the business's market?

- It's nearly impossible to break into our market.
- It's pretty tough, but doable.
- Our market has some notable barriers.
- There are a few barriers.
- Almost anyone can set up shop.

## Product Differentiation

A unique product or service that customers prefer will keep them coming back to you versus someone else, and may allow you to charge more.

Does the business have a product/service with unique characteristics that provide a competitive advantage?

- We offer something completely unique, and that's why customers like us.
- We have some important differences.
- We offer something different that customers like.
- We have a few small things that set us apart.
- We look like everyone else.

## Brand

A strong brand name that resonates with your customers can add significant value to your company.

Does the business have a recognizable brand that reinforces the business's presence in the marketplace and supports the business's objectives?

- Our brand is everything and everyone knows us.
- We have a pretty strong brand that folks recognize.
- Our brand is solid but not special.
- Our brand isn't very strong.
- We don't have a brand.

## Margin Advantage

Margins are simply a measure of how efficiently you make money. The better your margins, the more valuable your company.

Does the business enjoy gross and net margins greater than the industry norm?

- Yes, we're printing money compared to our competitors.
- Our margins are better than most.
- Our margins are solid, like everyone else's.
- We're making money but less than most.
- We're struggling to make any money.

## Customer Differentiation

Valuable companies have many different customers including long term customers, new customers, and developing customers.

You want to avoid putting all your eggs in one basket (or just a few baskets) to minimize risk.

Does the business have a well-diversified customer base?

- We have so many customers we won't lose sleep if a few leave.
- We can lose a few customers and still be fine.
- We can lose some customers but we'll feel it.
- It would be really tough if we lost even one customer.
- If any of our customers left, we'd be out of business.

## Company Overview

Think about the culture of the company as a whole, versus the personality of any one individual within the company.

Can an outsider easily obtain a holistic understanding of the business, including the business's performance, practices, culture, discipline, and mission?

- Yes, our business is very easy to figure out.
- One could figure it out with some digging.
- Some stuff is easy to figure out, the rest probably not.
- It wouldn't be easy.
- It would be nearly impossible.

## Financial

Effective financial practices should adhere to accounting best practices and federal and state compliance regulations, while remaining in line with your long-term goals and future growth plans. Your objective here is to establish consistency and transparency in financial reporting.

Are all of the business's financial matters in order and do you follow best practices?

- Yes, and we would be 100% comfortable if we were audited.
- We're pretty on top of our finances.
- We do an OK job of managing our finances.
- We could do a better job of managing our finances.
- We don't pay much attention to our finances beyond how much money we have in the bank.

## Sales and Marketing

Sales and marketing success is driven by more than just persuasive personalities. It requires a process-driven approach that is customer-focused while supporting overall company goals.

Can the business produce revenue in a proven and systematic way, ensuring the business is sustainable and not simply based on the efforts of individuals within the business today?

- We have an effective sales and marketing process that anyone could learn.
- We have a sales and marketing process, but it would take time for someone to learn it.
- We have a sales and marketing process, but our success is more about our people.
- We're pretty reliant on a few sales and marketing people, but we could get by if they left the business.
- If our key sales or marketing folks left, we would have some big problems.

## Operations

Running a business will always be challenging. Building a solid foundation of smoothly operating practices can make it much easier to scale and maintain.

Does the business have the ability to deliver on the sales promises made to the marketplace and to deliver in a systematic and process-driven manner?

- Yes, our business runs like a well-oiled machine.
- We're pretty good.
- We do an OK job.
- We could do a better job.
- We could really use some help.

## Customer Satisfaction

Simply put, satisfied customers are loyal customers. They drive repeat business and revenue, both of which are essential to the longevity of the business.

Does the business track and use key measures to meet customer expectations at all levels?

- Yes, we know exactly how we're doing with our customers at any point in time.
- We have a pretty good idea most of the time.
- We have the ability to check when we need to.
- Not completely sure.
- We really don't know.

## Senior Management

Think about who would run the company for an extended period of time if the business owner disappeared for a while (got sick, took a long vacation, etc.). Do you have someone or a team in place who could take over if needed? If your management team is simply an individual, assume your senior management team is just that individual.

Does the business have a leadership team/individual in place to realize the business's vision and mission while helping the owner achieve his/her objectives?

- Yes, we have an outstanding management team.
- We have a very good management team.
- Our management team is pretty solid, most of the time.
- Our management team isn't always clicking.
- We could, but don't really have a management team, or our team is a bit dysfunctional.
- The business doesn't have any other employees besides the business owner.

## Human Resources

Simply said, Human Resources is all about people. It can be sticky, difficult, full of legal land mines, and if not managed properly, can be very costly to an organization. It's worth spending some time here to make sure you're following best practices, you're in compliance with all relevant (and ever changing) laws, and properly managing and nurturing one of your company's most important assets!

Does the business have the ability to find, develop, and retain quality individuals that enables success in all aspects of the business?

- Yes, we can easily find, hire, and retain the best of the best, if and when needed.
- We're pretty good.
- We're OK.
- We can use some help.
- HR is a problem for us.
- The business doesn't have any other employees besides the business owner.

## Legal

There's nothing like legal problems to distract you from your mission. From tax law to human resources, proper legal compliance applies across many facets of the business.

Do you have all legal matters in order, documented, and does the business follow best legal practices?

- Yes, we are completely buttoned up.
- We're pretty good.
- We're doing an OK job.
- We could do a better job.
- Legal matters are a bit of a headache for us.

## Innovation

The one constant in business is change. The more your company encourages and rewards innovation at every level, the more you will be able to stay ahead of changes and continue to prosper.

Does the business understand that innovation is invaluable to creating an ongoing competitive advantage and does it have a proven and systematic way to drive and capture innovation at all levels and encourages innovation in every area of the business?

- Yes, we drive and capture innovation at every level within the organization.
- We're pretty good at encouraging and capturing innovation.
- We recognize good ideas when they bubble up.
- We look at new ideas, but tend to just stick with what's working.
- We don't put a lot of energy into new and unproven ideas.