

# OBJECTIVE REVIEW QUESTIONNAIRE

THE  
**STAGE** **2**  
BUSINESS SOLUTION

FINANCIAL STRATEGIES FOR ENTREPRENEURS

# Objective Review Questionnaire



**T**hanks for taking the time to fill out this questionnaire. We will be using this information to help you clarify what stage your business is in, your relationship to your business, the role you play in your business and your general thoughts about ownership issues as they relate to your business.

Firm \_\_\_\_\_

Contact Name \_\_\_\_\_

Address \_\_\_\_\_

E-mail \_\_\_\_\_

Phone Number \_\_\_\_\_

Date of Birth \_\_\_\_\_

Social Security Number \_\_\_\_\_

**I. When I work on strategic issues for my business, I spend most of my energy in the following areas:**

- Operational Issues
- Banking Issues
- Managing Cash Flow
- Increasing the value of the business
- Marketing and Sales
- Selling the business
- Employee retention

COMMENTS:

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**2. I entered the business in the following manner:**

- I started the business from scratch.
- I bought the business without working in it first
- I bought the business after working in it for a period of time
- I am a family member of the founder.  
I am in the \_\_\_\_\_ generation of family owners.

**3. I spend this amount of time working:**

- Under 40 hours per week
- 40-45 hours per week
- 45-50 hours per week
- 50-55 hours per week
- 55-60 hours per week
- Over 60 hours per week

**4. I take the following amount of time away from the business every year:**

- Less than one week
- One to two weeks
- Two to three weeks
- Three to four weeks
- More than one month
- More than two months
- More than three months
- More than four months

**5. I spend the following percent of time working on strategic**

issues in my business:

- Less than 10%
- 10% to 25%
- 25% to 50%
- More than 50%

COMMENTS:

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**6. I spend my time at work as follows:**

- \_\_\_\_\_ % working with customers
- \_\_\_\_\_ % on operational issues
- \_\_\_\_\_ % on marketing
- \_\_\_\_\_ % on finance
- \_\_\_\_\_ % on innovation
- \_\_\_\_\_ % on sales
- \_\_\_\_\_ % on controls in the business
- \_\_\_\_\_ % on line work

Must total 100%

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**7. What percent of time do you spend on activities that**

could be done by others?

- Less than 10%
- 10% to 25%
- 25% to 50%
- More than 50%

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**8. When you think about your business:**

- Do you feel resentful of the amount of time you spend at work?
- Does your spouse feel resentful of the amount of time you spend at work?
- Do you have the feeling that you control your own destiny and enjoy the work you do?
- Do you have the feeling the company controls you and you don't have a life anymore?
- Do you have a combination of feeling your life is controlled by your business but you still enjoy the business?

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9. **There are four roles you can play in your business.**  
"Players" do the actual work. "Coaches" act to help "players" do their job better. "General Managers" coordinate activities from various departments in an organization. "Owners" make sure the organization is providing a product that their customers want to purchase and the business is getting an adequate return on investment. How much of your time do you spend in each role? Must add up to 100%

- Player \_\_\_\_\_%
- Coach \_\_\_\_\_%
- General Mgr. \_\_\_\_\_%
- Owner \_\_\_\_\_%

10. **If you were to state what your unique ability is as it relates to your business you would say it is:**

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11. **You spend \_\_\_\_\_% of your time in your business pursuing your unique ability.**

12. **You would say the following statement is true about your financial independence:**

- I am completely financially independent without my business.
- I am completely financially independent if I include my business.
- I am on the road to being financially independent.
- I don't know where I stand as it relates to my personal financial independence.
- I'm not sure if I'll be financially independent and am very worried about this.
- I'm not sure if I'll be financially independent and don't really care.

COMMENTS:

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13. From an economic point of view, you believe your industry is:

- Excellent
- Strong
- Fair
- Poor

COMMENTS:

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14. When it gets time to sell my business, I would like to have

one of the following buy it:

- My children or grandchildren
- Members of my management team
- An outsider
- I don't care what happens to my business after I'm done.

15. As you think about your business, what do you see as the being  
the greatest challenge? Please check all that apply.

- Management ability
- Business transition
- Cash flow
- Banking and borrowing money
- Quality of our industry
- Quality of our profits
- The product our business provides
- Changes in our industry or business

**16. Financial success of my business is:**

- The most important thing, I want to make every possible dollar I can.
- Extremely important. I'm always looking for ways of increasing the profit our business makes.
- Very Important. Business must be profitable and, under most circumstances, I will work to make our business as profitable as possible.
- Important. Once I hit a level of profits that I feel is reasonable, I will put money into other projects within the company.
- Sort of important. I understand that business must make a profit, but I'm interested in pursuing other activities also.
- Not very important. I know I have to make money, but whether we do or don't doesn't cross my mind very often.

COMMENTS:

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**17. The profits of our company are:**

- Extremely strong
- Strong
- Average
- Fair
- Poor

**18. I expect our level of profitability over the next five years to:**

- Increase
- Stay the same
- Decrease
- Don't know

**19. The following statement describes our use of financial measurement tools:**

COMMENTS:

- We are a buttoned down company that uses financial measurements in very sophisticated ways.
- We understand what return on investment, return on assets and other ratios are and use them extensively. We do monthly financial statements which include income statements, balance sheets and cash flow statements.
- We do a monthly statement that is accurate and is based on our profit and loss statement and balance sheet.
- We do statements, but they may not be done on a monthly basis and their accuracy is good enough for us.
- I look at my checkbook to find out how our company is doing financially.

**20. Key metrics are the numbers in your company that are critical to success. They may or may not be in your basic accounting numbers. Sometimes they are generated internally by measuring other activities in the company. Please check the statement that is most accurate about key metrics in your company.**

- We have a clear understanding of what the key, driving metrics are in our company and share them extensively with the people who work with us.
- We have a clear understanding of what the key metrics are in our company but only share them on a need to know basis with the key people of our company.
- We have a basic idea of what the key metrics are in our business, but have never formally identified them.
- We don't know what the key metrics are in our business, but believe it might be a good thing to understand and utilize.
- We don't know what the key metrics are in our business and don't really care; things are going just fine without this knowledge.

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21. What would you say are the things that have been most important in the success of your business? Check all that apply.

COMMENTS:

- My efforts
- My spouse
- The key managers
- Our team
- A unique product
- Our marketing methodology
- Our service levels
- Our business culture
- Being the low cost producer
- My parents
- Our management methods
- Our methods of service delivery

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22. Who do you think should be allowed to own shares of your business?

- My family
- My key employees
- All employees
- No one except me and my spouse or partners

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23. If you would allow your children to own shares in your business would you allow others who are not working in the business to own shares?

- Yes
- No
- Not sure

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24. What is your time frame for leaving the business?

- Tomorrow
- A year from now
- 1-5 years from now
- 5-10 years from now
- 10+ years from now
- Never

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25. If you plan to eventually have your managers or children take over the business which statement would be most accurate?

COMMENTS:

We have done everything we need to do. The next generation is completely capable and we've put the funding mechanisms in place for them to take over.

We have started the process of preparing the next generation to take over and have had conversations and established training for our key people. We have had a conversation about funding, but nothing has been set up yet.

We have had some conversations with the next generation of owners, but have done nothing yet.

We have not had any conversations about transfer of ownership.

26. If you plan to eventually sell your company to an outside party, which statement is most accurate?

We have spent a great deal of time understanding the art of the sale. We have spent time with advisors who specialize in transactions to outside parties and are well into doing the things that will help us maximize our sale price.

We have had some general conversations with outside advisors who specialize in outside sales. However, we have not done much besides having some initial conversations.

We have had some general conversations with our CPA or other close advisor about selling our business, but have done nothing past that point.

We have not spoken with anyone about the sale of our business with the exception of conversations that we've had with our spouse or other friends.

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27. As it relates to tax strategies for selling your business, which statement is most correct?

COMMENTS:

- We have a clear understanding of what the tax costs are for both the buyer and seller of our business and have taken steps to minimize tax costs for both.
- We understand that the buyer may pay as much as four times the amount of taxes as the seller. However, we have not done anything to help limit this cost.
- We have been told that when it comes time to sell, the only way to do so is to get capital gains treatment upon the sale. This means we want to sell our stock if at all possible.
- We haven't spent much time thinking or working on tax issues as it relates to selling our business.

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28. Which statement is true as it relates to your compensation planning?

- We have a formal review process for pay levels for all people in our company.
- We occasionally look at pay structures in our industry.
- We really don't care what other people do, we pay people on what we think is fair and what we can afford.

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29. Which statement is true about your qualified plan (401(k) plan)?

- We decide how much money we want to save in our plan and then work with our advisors to design programs that will help us save what we want. Most of the money in our plan goes to the owners and key people in the company.
- We use a plan that allows the owners and key people in our plan to receive the greatest benefit, but would like to save more money for ourselves if possible.
- We have a standard 401(k) plan. The most that we can save in our plan is about \$14,000 per year.
- We have a standard 401(k) plan where I sometimes have to take money back because the employees have not saved enough.
- There is no qualified retirement plan in our company.

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30. If and when you transfer your business, what is the most important thing for you?

- Maximize the return for shareholders.
- Keep the business in the family.
- Protect employees, vendors and the community.
- Protect employee jobs.
- Protect the company's success.
- Other

31. If you were to sell your business, how would you spend your time?

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32. If you were not able to run your company, who would be able to take over for you?

- My spouse
- A key manager
- My children
- Don't know

COMMENTS:

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33. Often when a personal disaster happens to the owner of the company, key managers, lenders, vendors and customers leave.

COMMENTS:

Which statement most accurately describes your state of readiness?

- We have a complete plan for who would run the company and have a written disaster plan in place. Compensation plans for key people exist as well as plans for how to deal with key stakeholders of the company.
- We have a plan in place for retention of key people, but have not put together a written disaster plan for how to deal with key stakeholders of the company.
- I have had a conversation with my spouse about what he/she should do if I'm not able to work.
- I have not dealt with this issue at all.

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34. Which statement describes how projects and management issues are handled in your company?

- We have clear goals and objectives in our company. Everyone is involved in helping come up with methods of achieving these goals. We have a company wide bonus system in place that pays money on a regular basis as our goals are achieved.
- We have clear goals in the company, but our managers make the decisions about what needs to be done. We have a bonus system in place that is discretionary by either me or our key management team. When our line workers get bonuses, they often are not sure what they did to earn them.
- We have goals in our company that usually flow from me. Our key managers know what they are, but we sometimes don't do a good job in passing the goal information on to everyone in the company. We may or may not pay bonuses, but if we do it's often at the end of the year.
- We don't have formal goals in our company, but think it probably would be a good idea to do so. Sometimes we pay bonuses if we have a good year.
- We don't believe in having formal goals or improvement programs. We do fine working on things as they come up.

35. Which statement most accurately describes your marketing efforts?

- We have a clear understanding and description of who our “A” Clients are. Everyone in our company understands. We only allow our sales department to call on “A” Clients for new business.
- We have a good understanding of what an “A” Client is, but have not formally written down our description and shared it with our sales department. Most of the time our sales people call on what we think are “A” Clients.
- I have an understanding of what an “A” Client is, but have not shared this information with anyone. Our salespeople often amaze me with the poor prospects they call on.
- No one in our company has thought about what an “A” Customer is. We take every bit of business we can find.

COMMENTS:

36. The residual value of a Customer is the lifetime value of getting that Customer. Which statement most accurately reflects your company’s work toward maximizing Customer value?

- We have a clear understanding of what our Customers’ lifetime value is. We work very hard to find products and/or services that we can sell to Customers we attract to our firm.
- We have a general idea that once you get a Customer it’s a good thing to sell them another service. However, we don’t have a formal program for evaluating profitability of Customers nor do we have programs to sell them additional products or services.
- We have never thought about the residual value of a Customer. It sounds like a good idea to work on this project and think it might have some validity.
- We don’t have time to worry about the residual value of a Customer. We’re as busy as we can be and can’t take the time to work on projects like this.

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38. Which statement is true as it relates to your relationship with your outside advisors?

COMMENTS:

- My advisors always keep my best interests in mind. They are clear about what I want to accomplish and always bring in outsiders when a project we're about to start is not something they do regularly.
- My advisors work in my best interests. They are very competent and can do things in a variety of areas. They will work on projects for me that they rarely do for others. I like working with my advisors very much.
- My advisors often tell me they are very good at what they do. However, sometimes they make mistakes that have caused me some problems, time or money. They are good at describing what to do, but sometimes their implementation is poorly executed. My Advisors rarely bring in outside experts to help on projects. I like working with them and think they are good at what they do.
- My advisors sometimes make mistakes that they shouldn't make. They never bring in outsiders who are experts in their area. They tell me they can help me in all areas of my work.

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39. If we were to get together one year from now, what would have to happen during that time period for you to feel that you've been successful? If the success happened, what would you then do?

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40. If we were to get together three years from now, what would have to happen during that time period for you to feel that you've been successful? If the success happened, what would you then do?

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4I. If we were to get together ten years from now, what would have to happen during that time period for you to feel that you've been successful? If the success happened, what would you then do?

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Please write any other comments or thoughts you might have.

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# Objective Review Questionnaire



For us to properly service you, we need to know who your other advisors are. Please take a few minutes and provide us with the information listed below.

## Certified Public Accountant

Firm \_\_\_\_\_  
Contact Name \_\_\_\_\_  
Address \_\_\_\_\_  
E-mail \_\_\_\_\_ Phone Number \_\_\_\_\_

## Attorney

Firm \_\_\_\_\_  
Contact Name \_\_\_\_\_  
Address \_\_\_\_\_  
E-mail \_\_\_\_\_ Phone Number \_\_\_\_\_

## Financial Advisor

Firm \_\_\_\_\_  
Contact Name \_\_\_\_\_  
Address \_\_\_\_\_  
E-mail \_\_\_\_\_ Phone Number \_\_\_\_\_

## Liability Insurance Agent

Firm \_\_\_\_\_  
Contact Name \_\_\_\_\_  
Address \_\_\_\_\_  
E-mail \_\_\_\_\_ Phone Number \_\_\_\_\_

## Life Insurance Agent

Firm \_\_\_\_\_  
Contact Name \_\_\_\_\_  
Address \_\_\_\_\_  
E-mail \_\_\_\_\_ Phone Number \_\_\_\_\_

## Banker

Firm \_\_\_\_\_  
Contact Name \_\_\_\_\_  
Address \_\_\_\_\_  
E-mail \_\_\_\_\_ Phone Number \_\_\_\_\_