

17 Common Questions Investors Ask Owners

By *Axial* (<http://www.axial.net/author/axial/>) | December 22, 2016

Every investor has a list of qualifying questions they ask when introduced to a CEO or business owner for the first time. It goes without saying that you should be prepared to have a detailed discussion around the business model, organization, financials, and growth picture of the company.

In addition to this baseline information, investors may use the first couple of meetings or calls to develop a fuller picture of the business and begin to identify both the unique risks and advantages of investing in your company.

We've compiled some of the most common questions investors say they ask in the first 1-2 meetings with CEOs to help you prepare as you begin to market your business, and more importantly, yourself, to potential investors and buyers.

On Business Operations:

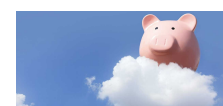
1. What is your relationship with your suppliers?
2. What is your customer/payor mix?
3. How are decisions being made internally?
4. How are business strategy plans made, executed and outcomes analyzed for improvement?
5. Explain your research and development process (if applicable).
6. Who is part of your team? Explain their roles and contribution and the investment you've made in the team and talk about team dynamics.

On Business Risks:

1. What has been your biggest misstep as a company?

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(<http://www.axial.net/forum/ebitda-adjustments-from-crazytown/>)

2. What economic/macro trends have worked against you in the past?
3. What are your competitors doing better than you?
4. Is there any seasonality or predictable variability in demand for your product/goods/services?
5. Are there any pending litigation, Medicare claims, lawsuits, etc.? What are the details if any?

On Your Motivations:

1. What are your primary goals in exiting? (E.g., maximize price, retain a majority/minority ownership, etc.)
2. What are your primary goals in finding a financing partner for your business? (E.g., ensure your company's legacy, take care of your employees, maximize price)
3. What do you stand to lose by not completing this transaction?

On the Transaction Process:

1. What is your timeframe?
2. Do you plan on remaining with the company post-transaction?
3. Have you already been approached by, or are you already in discussions with, other investors or buyers?


Remember that in addition to asking questions directly, investors will also be sizing you up by your behavior. **According to Brent Beshore (<http://www.axial.net/forum/questions-investors-ask-on-a-management-call-and-conclusions-they-draw/>),** Founder and CEO of private equity firm **adventur.es** (<https://www.adventur.es>), “There have been several instances in which we’ve dialed in to a scheduled call [with a CEO], just to be asked, “What firm are you from again?” If we’ve scheduled a management call with you, we’ve put serious time and effort into preparing for that call. If you don’t know at least the baseline facts about our firm, we infer a lot. To put it another way, if you’re not looking into the credibility and perspective of your prospective buyers, there’s a better than fair chance you’re not a viable opportunity. As a side note for sellers, it’s okay to ask us hard questions, too. In fact, we welcome it.”

For more, download **The CEO’s Guide to Passing the Investor**

Test (<http://library.axial.net/passing-the-investor-test>).

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By *Karen Sibayan* | *January 13, 2016* 



(<http://www.axial.net/forum/what-is-ebitda-and-why-do-investors-care-about-it/>)

During negotiations in an M&A deal, buyers and sellers look closely at several factors in order to agree on a price that properly captures a company's value. One of the closely examined metrics in this process is EBITDA, which stands for earnings before interest, taxes, depreciation, and amortization. EBITDA is used as a way...

READ ARTICLE ([HTTP://WWW.AXIAL.NET/FORUM/WHAT-IS-EBITDA-AND-WHY-DO-INVESTORS-CARE-ABOUT-IT/](http://www.axial.net/forum/what-is-ebitda-and-why-do-investors-care-about-it/))



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