

Value Driver Worksheet



| SCORE VALUE DRIVER | -2 | -1 | 0 | 1 | 2 |
|-----------------------------------|---|---|---|---|---|
| EARNINGS | 10% or more annual declines | <5% annual declines | <5% growth or flat | <10% annual growth | 15% annual growth |
| BARRIERS TO ENTRY | None | Minimal | Modest | Some regulatory or capital costs | Significant regulatory req's & capital cost |
| INDUSTRY STRENGTH | Declining industry not expected to recover | Industry growing slower than inflation | Industry keeping pace with inflation | Growing faster than inflation | Dynamic industry growing 10% or more than inflation |
| COMPANY HISTORY | Startup (<3 years) | 5+ years | 6-10 years | 11-19 years | 20+ years |
| CUSTOMER CONCENTRATION | Revenue highly dependent on one or few customers | Customer(s) with 20% or more of sales | No customer over 15% of sales | No customer over 10% of sales | No customer over 5% of sales |
| CONTRACTS/ REPEAT REVENUE | No contracts | <50% contracts, mostly short-term | 50%+ contracts, some multi-year | 75%+ contracts, some multi-year | All revenue is contractual and multi-year |
| MANAGEMENT & EMPLOYEES | Owner managed, no other management | Owner is key manager with some key employees | Managers or key employees for each major department | Managers with 5+ years avg. tenure | Managers with 10+ years avg. tenure and key employees |
| FINANCIAL DOCUMENTATION | Owner/internal financial reporting | Some accountant prep | CPA prepared financials | Reviewed financials | Audited financials |
| OPERATING SYSTEMS | No operations manuals or technology to run business | Minimal levels of technology and systems to operate | Operations manual and typical tech for industry | Operations manuals, some software and reporting | Operations manual and integrated technology |
| FIXED ASSETS | Immediate investment needed | Some capital investment needed | Equipment is typical of industry | Compares favorably to industry standard | State-of-the-art equipment |

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