



THE LEGACY BUSINESS QUESTIONNAIRE™

The first step to providing clarity for your business.





Most planning begins and ends with the numbers. The Legacy Business Optimization System employs a unique values-based approach that begins with what is most important to you. As you answer the questions you will explore your beliefs, feelings and values regarding your business and its relationship to you, your family, your employees and society at large.

Completing the questionnaire is your first step in identifying your Business Philosophy™. This foundation becomes the roadmap you and your team will rely on to ensure that all business planning decisions are consistent with your values and objectives.

Please note the instructions vary from question to question. Some require you to check the one response that most closely reflects your view. Some ask you to rank the order of importance of your answers. Some ask you to check all that apply. A few require you to fill in the blanks. Every question has room for additional comments.

Try to complete the questionnaire at a time when you will not be distracted. Take time to consider your answers carefully, but don't spend too much time on any one question. Be sure to read all choices for each question, as some have very subtle differences. If a question doesn't apply to you, skip it and go on to the next.

Don't become frustrated if you are unable to answer a question or if you are not fully satisfied with your answers. Conflicts and insufficient information are expected outcomes of this process. The idea is to identify issues and concerns so that you can take the necessary steps to address them.

Keep in mind that the more detailed clarification you can provide, the better your roadmap around the business will serve as a planning tool. If you are comfortable doing so, use the space for comments to expand on your thoughts or provide additional information that will assist your team in developing your plan. The more specific you are, the more effective your ultimate business planning decisions will be.

When you have answered the questions to the best of your ability, please sign and date the last page. If your company has multiple owners, each owner should complete his or her own questionnaire. This will allow us to compare and contrast your philosophies at various levels.

It is important to remember that the amount of time you invest in this process will directly affect its outcome.

GENERAL QUESTIONS...SETTING THE STAGE

1. As you think about the future of your company, what are the greatest challenges that you face? *Check all that apply. Then rank the 3 most important to you at this time in order of priority from 1 to 3, where 1 is the most important.*

- | | |
|---|---|
| ☐ Management | ☐ Competition |
| ☐ Leadership | ☐ The Economy |
| ☐ Business Transition | ☐ Employee Quality |
| ☐ Cash Flow | ☐ Product or Service Quality |
| ☐ Capitalization | ☐ Succession |
| ☐ Industry Changes | ☐ Sales |
| ☐ Other (please specify) | |

Comments

Comments

2. Understanding that each of the following values may be important, which are of the greatest importance to your business and its employees at this time? *Check all that apply. Then rank the 5 most important to you at this time in order of priority from 1 to 5, where 1 is the most important.*

- ☐ Ethical Values, such as honesty, justice, and fairness
- ☐ Personal Values, such as modesty, loyalty, and faithfulness
- ☐ Emotional Values, such as compassion, kindness, and generosity
- ☐ Public Values, such as good citizenship, community involvement, and government service
- ☐ Economic Values, such as financial responsibility, frugality, and stewardship
- ☐ Financial Values, such as material possessions, independence, and social standing
- ☐ Spiritual Values, such as inner spirituality and meditation, faith, and religious commitments
- ☐ Work Values, such as effort, punctuality, competence, and professional achievement
- ☐ Physical Values, such as health, relaxation, quiet time alone, and exercise
- ☐ Cultural Values, such as music, visual arts, and travel
- ☐ Relational Values, such as family, friends, and work associates

- Business Values, such as profit, leadership, and management
 - Philanthropic Values, such as contributions of time and money to care for others
 - Recreational Values, such as sports, leisure activity, hobbies, and family vacations
 - Educational Values, such as study, self-improvement, and academic achievement
 - Other
-

Comments

FINANCIAL

1. Please select the response that best describes the financial status of the company.

- ☐ On an upward trend
 - ☐ and should continue.
 - ☐ but challenges lay ahead.
- ☐ On a level trend
 - ☐ and should continue.
 - ☐ but the future looks good.
 - ☐ with cause for concern about the future.
- ☐ On a declining trend
 - ☐ but the future looks good.
 - ☐ with cause for concern about the future.

Comments

Comments

2. If you retired today, what would happen to the company?

- ☐ It would run without missing a beat.
- ☐ It would survive, but we would have to work on preparing it.
- ☐ I would like to, but cannot.
- ☐ I am never retiring.

Comments

3. Please select the statement that best describes the cash flow position of your company.

- ☐ We have retained adequate capital to run the business on a relatively debt-free basis.
- ☐ We have retained capital, but short-term borrowing is part of the plan to maintain cash flow.
- ☐ We have relied on short-term debt and cash flow is a constant battle.
- ☐ We have relied on long-term debt and some short-term debt, but cash flow is adequate to run the business.
- ☐ We have relied on long-term debt to run the company and cash flow is a constant battle.
- ☐ We have depleted our available capital and must rely on cash flow from operations.

4. What measures do you use to operate your business? *Check all that apply.*

- ☐ We do not use any financial standards.
- ☐ We use cash flow reports.
- ☐ We use internally generated reports to manage strategic areas of the business.
- ☐ We use profit and loss statements.
- ☐ We use balance sheets.
- ☐ We use financial ratios.
- ☐ Other _____

Comments

5. Which statement best reflects your business performance over the past five years?

- ☐ We do not measure business performance.
- ☐ The business has failed to meet its performance objectives.
- ☐ The business has met, but not exceeded its performance objectives.
- ☐ The business has exceeded its performance objectives.
- ☐ We have cash in the bank, so it must be OK.

Comments

Comments

6. The relationship between risk and reward is a critical factor in evaluating the decision to invest capital in a business. For the risk of owning and running the company, what return on assets is required to justify your investment?

- | | |
|--|--|
| ☐ Under 10% | ☐ Between 16% and 25% |
| ☐ Between 10% and 15% | ☐ Over 25% |

7. What has been the company's average return on assets over the past five years?

- | | |
|--|--|
| ☐ Less than 10% | ☐ Between 16% and 25% |
| ☐ Between 10% and 15% | ☐ Over 25% |

Comments

8. If you could sell the business, how much would you need to walk away?

\$ _____

9. How little would you be getting from the business before you would pack it in?

\$ _____

10. How will you know when you are done with the business?

Comments

11. How do you define success in the business?

Comments

12. What is important to you about this business?

Comments

Comments

13. Although many of the factors listed below may have contributed to the success of the business, which factors do you consider to be most important at this time? *Check all that apply. Then rank the 5 most important to you at this time in order of priority from 1-5 where 1 is the most important.*

- | | |
|---|--|
| ☐ Personal initiative | ☐ Low-cost producer |
| ☐ Spouse | ☐ High quality of service |
| ☐ Founder | ☐ Sales and marketing |
| ☐ Parents | ☐ Team approach |
| ☐ Partner(s) | ☐ Strong Management |
| ☐ Children | ☐ Business culture |
| ☐ Key employees | ☐ Economy |
| ☐ Unique product | |
| ☐ Unique service | |
| ☐ Other (please specify) | |

OWNERSHIP AND CONTROL

1. People acquire business ownership in various ways. How did you acquire your ownership interest? *Check all that apply.*

- ☐ Started the business.
- ☐ Bought the business from an unrelated third party.
- ☐ Bought the business from a relative.
- ☐ Inherited the business.
- ☐ Came up through the company ranks.
- ☐ Received the business as a lifetime gift.

Comments

2. Which of the following individuals would you allow as shareholder in your company?

- ☐ An individual who is
 - ☐ active in the business.
 - ☐ not active in the business.
- ☐ A family member who is
 - ☐ active in the business.
 - ☐ not active in the business.
- ☐ Key managers or employees.

Comments

Comments

3. What are your views with regard to your ownership of the business?

- ☐ I am prepared to give up my ownership today.
- ☐ I intend to maintain my ownership
- ☐ until age ____.
- ☐ until (please specify)
- _____
- ☐ for my lifetime.

Comments

4. What are your views with regard to control of the business?

- ☐ I do not currently have control.
- ☐ I am ready to give up control today.
- ☐ I am ready to begin to relinquish control today.
- ☐ I intend to maintain control, as long as I have ownership.
- ☐ I intend to maintain control
- ☐ until age ____.
- ☐ until (please specify)
- _____
- ☐ for my lifetime.
- ☐ I am willing to relinquish ownership as long as I maintain control.

OWNERSHIP TRANSITION

1. Describe the current status of your business transition.

- ☐ It is not important to me today.
- ☐ I have a business transition plan.
- ☐ Survival as a company is more important than business transition.
- ☐ I don't know how to go about it, but I know I need a transition plan.
- ☐ I am ready to put a transition plan together.

Comments

2. Sooner or later, every business owner must choose among selling it to current employees or key managers, selling to a third party, or going public. *Which statement most closely reflects your preference regarding this decision?*

- ☐ We plan to sell the company to our management team or key employees
 - ☐ and a plan is in place to finance the sale.
 - ☐ however, no plan is currently in place to finance the sale.
- ☐ We plan to sell the company to a third party in the future,
 - ☐ and we have identified potential owners.
 - ☐ but, we have not yet identified any potential buyers.

Comments

Comments

☐ We plan to go public.

☐ We do not need a plan for the sale or transfer of the business.

☐ Other _____

Comments

3. To whom do you feel a sense of obligation concerning the business? *Check all that apply. Then rank the 5 most important to you at this time in order of priority from 1 to 5, where 1 is the most important.*

___ Founder	___ Children
___ Partners	___ Employees
___ Parents	___ Shareholders
___ In-laws	___ Management team
___ Siblings	___ Community
___ Myself	___ Customers
___ Spouse	

4. In the event of a business transition, what is most important to you? *Check all that apply. Then rank the 3 most important to you at this time in order of priority from 1 to 3, where 1 is the most important.*

____ Maximize the financial return for the owners. ____ Protect the jobs of employees.

____ Keep the business private. ____ Protect the company's future success.

____ Protect the jobs of key employees. ____ Protect the community's interest.

____ Other _____

Comments

5. What are the most common forms of business transition in your industry? *Check all that apply.*

☐ Transfer the business to employees.

☐ Industry roll up.

☐ Sell the business to employees.

☐ Sell the business to a third party.

☐ Take the business public.

☐ Close down the business and walk away.

☐ Other _____

Comments

Comments

6. Who is (are) the most likely buyer(s) if your business were for sale today?

- ☐ Key employees
- ☐ Family members
- ☐ Competitor
- ☐ Private investors
- ☐ Larger acquisition company
- ☐ Public company
- ☐ Public offering
- ☐ None
- ☐ Other _____

Comments

7. For YOU, when is the best time for a business transition to take place?

- ☐ When business is great.
- ☐ When I want out.
- ☐ When I am ____ years old.
- ☐ When I can no longer make a good profit.
- ☐ When a strategic event occurs, such as:

- ☐ Other

8. A business transition creates the opportunity for the owners to re-define roles and activities for themselves. *Check all that apply.*

- ☐ I don't know.
- ☐ I would enjoy starting a new company.
- ☐ I would enjoy buying another existing company.
- ☐ I would enjoy finding someone to mentor.
- ☐ I would enjoy being an advisor to my business.
- ☐ I would enjoy being a resource to my business.
- ☐ I would enjoy traveling.
- ☐ I would enjoy leisure activities.
- ☐ I would enjoy teaching.
- ☐ I would enjoy becoming a consultant.
- ☐ I would enjoy volunteering as a business advisor.
- ☐ I would enjoy volunteering in my community.
- ☐ I would enjoy doing charitable work.
- ☐ I would enjoy becoming a volunteer business consultant to third world countries.
- ☐ I would enjoy: _____

Comments

LEADERSHIP

Comments

1. Leadership development is key to the survival and continuity of any business. Which statement most closely reflects your philosophy of business leadership and leadership development?

- ☐ We are not concerned with leadership development at this time.
- ☐ We do not formally develop leadership,
 - ☐ and prefer to allow leaders to evolve naturally.
 - ☐ but recognize the need to do so.
- ☐ We have done some leadership development and training, but do not have a formal process or plan.
- ☐ We have an effective plan for leadership development that educates and trains key employees for a possible leadership role.

2. With regard to leadership transition, which statement most closely reflects your current level of preparation?

- ☐ I do not intend to develop successor leadership.
- ☐ I intend to sell the business, therefore, successor leadership is not necessary.
- ☐ I have not yet identified successor leadership for the business.
- ☐ Successor leadership for the business has been identified,
 - ☐ however, they are not yet prepared to take over.
 - ☐ and they are prepared to take over the leadership today.

Comments

3. Other than you, who is best suited to run your company today?

- ☐ A family member
- ☐ Key manager
- ☐ New owner
- ☐ One of the other current owners
- ☐ Competitor

Comments

MANAGEMENT

Comments

1. Please describe your preference in making important business decisions.

- ☐ I make them solely.
- ☐ I make them solely, however,
- ☐ I seek input from top management.
- ☐ I seek input from outside advisors.
- ☐ I seek input from the board of directors.
- ☐ I delegate the decision to the top management.
- ☐ I delegate the decision to the company's board of directors.
- ☐ Other _____

2. Which statement best reflects the status of your current management team?

- ☐ I am the current management team.
- ☐ No management team is in place beyond the owners.
- ☐ A management team exists, but is not as effective as it needs to be and much work is needed.
- ☐ An effective management team runs the company on a day-to-day basis, but additional work is needed.
- ☐ An effective management team runs the company on a day-to-day basis.

Comments

3. Which statement best reflects the status of your current plan for management transition?

- ☐ No plan for management transition is needed.
- ☐ No plan for management transition is in place and one is not needed.
- ☐ No plan for management transition is in place and one is needed.
- ☐ A plan for management transition is in place, but needs to be reviewed.
- ☐ An effective plan for management transition is in place.

Comments

Comments

4. How far in advance of a potential management transition should planning be done?

- ☐ 1 year prior
- ☐ Between 2 and 4 years prior
- ☐ Between 5 and 9 years prior
- ☐ More than 10 years prior

Comments

5. Which statement best reflects the status of your plan for management retention?

- ☐ There is no plan for management retention and
 - ☐ one is not needed.
 - ☐ one is needed.
- ☐ There is a plan for management retention in place,
 - ☐ but it needs to be reviewed.
 - ☐ and it does not need to be reviewed.

GOVERNANCE

1. Communication among business partners and/or other stakeholders is critical to maintaining an effective operation. This is particularly true for closely-held businesses. Which statements most closely reflect your opinion on this subject? *Check all that apply.*

- ☐ Our management team does not communicate effectively
 - ☐ even though we have a formal process for doing so.
 - ☐ and we do not have a formal process for doing so.
 - ☐ and we need a formal process for doing so.
- ☐ Our management team communicates effectively
 - ☐ but we do not have a formal process for doing so.
 - ☐ and we have a formal process for doing so.
- ☐ We do not need a formal process for communicating effectively.

Comments

Comments

2. Which statement most closely reflects the manner in which your management team members or partners resolve conflicts? *Check all that apply.*

- ☐ We effectively resolve conflicts
 - ☐ that occur outside the business.
 - ☐ that occur inside the business.
- ☐ We do NOT effectively resolve conflicts
 - ☐ that occur outside the business.
 - ☐ that occur inside the business.
- ☐ We have unresolved conflicts outside the business
 - ☐ that could be resolved with effective communication.
 - ☐ that would be very difficult to resolve.
 - ☐ that cannot be resolved with effective communication.
- ☐ We have unresolved conflicts inside the business
 - ☐ that could be resolved with effective communication.
 - ☐ that would be very difficult to resolve. that cannot be resolved with effective communication.
- ☐ Everyone makes decisions for their own departments.
- ☐ We use a team approach.

CONTINGENCY PLANNING

1. Whom should your spouse contact if something happened to you? *Check all that apply.*

- ☐ Lawyer
- ☐ Accountant
- ☐ Banker
- ☐ Member of the board of directors
- ☐ Financial advisor
- ☐ Close friend
- ☐ Other _____

Comments

2. A written strategic contingency plan spells out what is to occur in the event of an owner's death or disability. Which statement most closely reflects the status of your contingency plan?

- ☐ I have no such plan.
- ☐ A plan is in place and it is up to date.
- ☐ A plan is in place, but it needs to be reviewed and updated.
- ☐ There is no plan in place, but I would like to have one.

Comments

Comments

3. Most businesses have key employees, without whom the business would undoubtedly suffer. Which statement most closely reflects the steps you have taken to protect your business in the event of a key employee's death or disability?

- ☐ We have no key employees other than owners.
- ☐ We have key employees,
 - ☐ but are not concerned with regard to their potential loss.
 - ☐ but we do not have a plan to protect the company against their potential loss.
 - ☐ and we have a plan to protect the company against their potential loss.

FINANCIAL INDEPENDENCE

1. Approximately what percentage of your total wealth does the business represent?

- ☐ Less than 20%
- ☐ Between 20% and 40%
- ☐ Between 41% and 60%
- ☐ Between 61% and 80%
- ☐ More than 80%

Comments

2. Approximately what percentage of your personal annual income is provided by the business?

- ☐ Less than 20%
- ☐ Between 20% and 40%
- ☐ Between 41% and 60%
- ☐ Between 61% and 80%
- ☐ More than 80%

Comments

Comments

3. What impact does the business have on your lifestyle and financial security?

☐ I could not support my lifestyle without the business.

☐ I could support my lifestyle without the business,

☐ but it would be difficult.

☐ only if I were paid fair-market value for my ownership interest.

☐ only if I were paid \$_____ for my interest.

LIFE AFTER WORK

1. Major life changes can generate fear. In that regard, what are your greatest fears as you think about your future retirement from the business? *Check all that apply.*

- ☐ I do not plan to retire.
- ☐ I have no concerns at all.
- ☐ I am concerned about where to go every day.
- ☐ I am concerned about a loss of self-respect.
- ☐ I am concerned about a loss of respect by others.
- ☐ I am concerned about too much leisure time.
- ☐ I am concerned about finding new passions.
- ☐ I am concerned about losing my mental edge.
- ☐ I am concerned about financial insecurity.
- ☐ I am concerned about loss of industry friends.
- ☐ I am concerned about the future of the business without my involvement.

Comments

Comments

2. Major life changes often generate opportunities. In that regard, please describe the single greatest opportunity that would result from leaving the business.

Comments

3. Please describe the planning that you have done to transition from active business owner to successful “unemployed” investor.

IN CONCLUSION

1. One potential outcome from The Legacy Business Optimization System is a written Legacy Business Philosophy. Should this result, how would you envision using this document? *Check all that apply.*

- ☐ I would use this document as a personal guide for my/our business planning decisions.
- ☐ I would share this document with key management.
- ☐ I would share this document with each of my professional advisors.
- ☐ I would share this document with some of my professional advisors.
- ☐ Other _____

Comments

ADDITIONAL THOUGHTS AND COMMENTS

Comments

1. Describe any additional thoughts or comments you have regarding your business or any other issue.

Please print and sign your name.

Print Your Name

Signature

Date



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