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Checklist of “Rocks And Shoals” for Merger and Acquisition Programs

1. Your capacity to fund down payments, initial costs, etc...
2. Your family’s agreement to use those resources
3. Other internal approvals (Board, shareholders, etc...)
4. Your experience negotiating term sheets/experts to help do so
5. Your contacts in the target industry
6. Hired/hireable contacts in the target industry
7. “Build” a product/market or “Buy”: cost, time, feasibility
8. Financial disclosures necessary for the program: all facts material to an investment prior to a private investor commitment to same (state and federal definition, securities fraud): remember duty to update
9. Alternatives to outside financing, such as supplier terms, customer terms, staff/additional insider/partner money or time or effort, etc...
10. General market conditions: interest trends, product market/competitor trends, local and national economy trends, technology trends
11. Target company trends (not just historical EBITDA: look at lawsuits, claims, key customer acquisition and retention, etc...)
12. Target companies ownership (open to acquisition, or so tied up in ESOP or single or group domination (see liquor distribution, for beer and spirits) as to limit options
13. Government/regulatory trends
14. Specific capabilities of your team and of potential financing partners
15. Time available to pursue/negotiate/manage opportunities
16. Expected cash flow needs over course of program