

Management Buy-Out (MBO) Checklist

Is a Management Buy-Out (MBO) right for you? The MBO is an increasingly popular exit strategy for owners of small businesses. It is a means of achieving the owner's goals for continuity of operations and the business' identity.

Fill out this checklist to help you assess if an MBO might be the right option for you.

Criteria	Yes	No
Does your business have a strong management team in place?		
What are the qualifications of key personnel and are they capable of growing the business?		
How does each member of the management team feel about an MBO?		
Do all members of the management team share the same values and goals, or are there any values and goals that ultimately conflict with one another?		
Does the business depend on the existing owner/manager for day-to-day operations?		
What's the biggest challenge for your management team in doing an MBO?		
Is your business in a stable industry sector?		
Is the business cyclical or dependent on economic conditions?		
Is the business in an emerging or mature industry?		
Does the industry have high barriers to entry?		
Is your business reputable in its markets?		
Is there strong recognition for the company's brand?		
How is your position in the market relative to your competitors? (i.e., are your products/services known for superior quality, price, etc.)		

Does your business have a history of profitability and earnings growth?		
What is the cumulative annual growth rate of the company's profits and revenue?		
Has the profit margin been improving or eroding over time?		
Has the growth rate remained steady or increased/slowed?		
Criteria	Yes	No
Does your business have a good distribution of customers and suppliers?		
Is the business dependent on one customer or industry?		
Does the business have one supplier or many suppliers?		
Does your business have a sustainable competitive advantage, such as secure contracts?		
Does the business have a clear advantage in the market? (e.g., price, quality, location, strong management, unique technology, etc.)		
What are the barriers to entry in your industry?		
Does your business have a modern plant and equipment?		
When will the plant and equipment need to be replaced?		
What is the capital expenditure budget in the near and long term?		
Is a significant investment in plant and equipment required to grow the business?		
Are there any factors that would encumber an MBO?		
Details		