



## Interviewing Investors: A Step-by-Step Guide for Business Owners

Business owners considering a transaction often see it as a one-way street—investors asking probing diligence questions to assess value and potential fit. But due diligence is a two-way process, and a detailed evaluation of investors can help sellers make informed decisions and look beyond the headline valuation.

An important part of the process is sufficiently probing the investor's intent to ensure alignment with the company's vision, culture, and long-term goals. If alignment is confirmed, there are situations where business owners will sometimes accept a lower upfront valuation because of a shared vision of upside in the future.

This article provides questions to help unearth potential alignment, broken into three categories.

- 1. Investment Approach and Philosophy**
- 2. People and Leadership**
- 3. Value Creation Post-Transaction**

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Since 1935, William Blair has guided owners of closely held businesses and their trusted advisors through monumental decisions. Our relationship-driven approach empowers owners to maximize the value of their businesses—and turn that capital into an enduring legacy. We invite you to contact us to discuss the ways we support and advise business owners and help our clients capitalize on the tremendous opportunities available to them today.

## 1 Investment Approach and Philosophy

### Capital Commitment

How much equity can you commit to accelerate the growth of my business?

### Investment History

Do you have an example of an investment that was successful and one that was challenged and your role in each of those—and can we contact those management teams to ask about your work with them?

### Portfolio Management

How many portfolio companies do you manage at one time, and how do you balance your resources across them?

### Holding Period

What is your typical holding period—and how do you envision the lifecycle of my business under your stewardship?

### Exit Strategy

What is your typical exit strategy (e.g., control sale, minority recap, IPO), and how do you ensure alignment with management on timing and execution?

### Leverage

How much leverage do you typically use in transactions? What is the strength of your lending relationships and how have you worked with them in both good and challenged times?

### Ownership Structure

What is your typical approach to ownership structure stock classes, rollover equity, board representation, etc.?

### Growth Strategy

Do you envision my company as a platform acquisition for bolt-on growth, and/or is your focus on organic growth?

## 2 People and Leadership

### Post-Transaction Team

Who will we be working with after the close and what is their relevant industry and operating experience?

### Team Continuity

Will the investment team we meet during the transaction process be the team that stays with us going forward?

### Engagement

What's your team's typical level of involvement in day-to-day operations and what should I expect for my business?

### Interaction Frequency

Where and how often will we meet with your team?

### Management Changes

Do you anticipate changes to our existing management team, and to what extent will we have a say in those decisions?

### Governance

What is your approach to governance and board makeup? Do you typically bring in outside board members?

### Decision-Making Authority

What decisions will require board or investor approval, and how much autonomy will management have?

### Conflict Resolution

How do you handle conflicts with portfolio companies and management teams?

### Existing Team

What is your early perspective on our existing team, do you anticipate increasing or decreasing headcount, and how have you handled staff reductions in the past?

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### Value Creation Post-Transaction

#### Value-Add

What is your strategic vision and investment thesis to unlock additional value?

#### Resources and Expertise

What resources or expertise can you provide (marketing, technology, operations, etc.)? Are there shared resources for portfolio companies?

#### Operational Efficiencies

In what areas do you see opportunities to improve efficiency, and how do you plan to implement those changes?

#### Risk Management

How do you typically help portfolio companies manage risk and/or downturns in the business?

#### Strategic Partnerships

Can you facilitate introductions to strategic partners, such as key suppliers, customers, or distribution channels?

#### Legacy and Culture

Do you typically see value in maintaining a company's legacy (brand, community involvement, and culture)? How do you plan to preserve our company's legacy?

This detailed list is far from comprehensive as every business and investor relationship is unique. A business owner's goal should not just be securing capital but aligning with a partner who shares their vision to help unlock the company's full potential.

Please don't hesitate to reach out to discuss due diligence of potential partners.

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