
Prospect Ranking Chart

Buyers of a Business Enterprise

(A Generalization About Relative Value)

Highest Enterprise Value

9	<p>Strategically Positioned Business in the same industry or market which would employ their own business plan to:</p> <ol style="list-style-type: none"> 1. realize the added economic benefits of vertical or horizontal integration (synergy) or 2. realize the economic benefit of eliminating competition.
8	<p>Diversifying Businesses that have their own business plan to aggressively enter competition in the seller's industry and which desire the seller's business and management as the nucleus of this planned growth.</p>
7	<p>Competing Business within the same industry, concerned that sale of the business to a more aggressive competitor would adversely affect their own market position and business plan.</p>
6	<p>ESOPs that will be organized to utilize the income tax and borrowing benefits of an Employee Stock Ownership Plan to enhance their proposed purchase offer.</p>
5	<p>Outside Investors/Managers who will be owners/managers and who possess deep management skill, knowledge, and experience within the seller's industry and markets.</p>
4	<p>Insider Management Group who has intimate knowledge of the seller's business, which greatly reduces the investment risk but also may give the group potentially intimidating leverage if the seller lacks management alternatives.</p>
3	<p>Diversified Passive Investors who have no interest in a job, who will take on the seller's management team and business plan, and who have a diversified investment portfolio.</p>
2	<p>Investor/Job Seeker who desires both the investment opportunity and an executive position within the seller's business.</p>
1	<p>Undiversified Passive Investors who have no interest in a job, who lack a diversified investment portfolio, and who will take on the seller's management team and business plan.</p>

Lowest Enterprise Value