

# Prospect Ranking Chart

## Buyers of a Business Enterprise

(A Generalization About Relative Value)

Highest  
Enterprise  
Value



Lowest  
Enterprise  
Value

9	<b>Strategically Positioned Business</b> in the same industry or market which would employ their own business plan to: 1. realize the added economic benefits of vertical or horizontal integration (synergy) or 2. realize the economic benefit of eliminating competition.
8	<b>Diversifying Businesses</b> 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 a key component of this planned growth.
7	<b>Competing Business</b> 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.
6	<b>ESOPs</b> that will be organized to utilize the income tax and borrowing benefits of an Employee Stock Ownership Plan to enhance their proposed purchase offer.
5	<b>Outside Investors/Managers</b> who will be owners/managers and who possess deep management skill, knowledge, and experience within the seller's industry and markets.
4	<b>Insider Management Group</b> 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.
3	<b>Diversified Passive Investors</b> 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.
2	<b>Investor/Job Seeker</b> who desires both the investment opportunity and an executive position within the seller's business.
1	<b>Undiversified Passive Investors</b> 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.