APG Partners

COMMERCIAL DUE DILIGENCE · OWNER'S EDITION

See your business the way a buyer will.

A buyer runs commercial due diligence before they pay. This is the same examination, run early enough to do something about what it finds. Score your business against it now, while the answers are still yours to change.

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HOW TO USE THIS

The gap a buyer prices is the gap between what you know and what you can prove.

Enterprise value is the market's confidence that future cash flows will arrive. Everything a buyer does in due diligence tests that confidence. Where they find a clear answer backed by evidence, they pay. Where they find a question you can't answer, they assume the worst, because that's the only number they can defend.

This checklist walks the same ground a buyer covers, across the seven areas where owner-led businesses most often lose value. Work through it honestly. A box you can't tick isn't a failure to feel bad about, it's a piece of value you can still recover, provided you find it before someone else does.

> For each item, hold it to the test APG runs on every part of a business: **can you see it, do you understand it, have you decided what to do about it, and does that then actually happen?** A tick means all four. Anything less is a gap worth naming.

01 Quality of earnings

Whether the profit you report is profit a buyer can rely on.

- [ ] Your management accounts close within a week of month-end and rarely get restated.
- [ ] Reported EBITDA converts to cash, and you can show where the gap goes when it doesn't.
- [ ] Every add-back and normalisation has documented evidence a buyer's accountant would accept.
- [ ] Revenue recognition matches when the work is actually delivered, not just when it's invoiced.
- [ ] You can produce three years of consistent, comparable numbers on the same definitions.

02 Revenue durability

A buyer pays for revenue that survives the sale, not revenue that happened once.

- [ ] No single customer is more than 15–20% of revenue. **Concentration above this discounts the multiple.**
- [ ] Key customer relationships sit with the business, not personally with you.
- [ ] A meaningful share of revenue is contracted, recurring, or genuinely repeat.
- [ ] You can show why revenue has grown, not just that it has.
- [ ] Your pipeline is documented and doesn't live only in your head.

03 Margin and unit economics

The aggregate P&L hides where money is really made and lost.

- [ ] You know your margin by product, service line, customer, and channel, not just in total.
- [ ] You know what a customer actually costs to acquire on each channel, not a blended average.
- [ ] Pricing has moved with your cost base in the last two years.
- [ ] Discounting is deliberate and controlled, not a habit spread across the book.
- [ ] No product or customer group is quietly running at a loss and being carried by the rest.

04 Owner and key-person dependency

If it can't run without you, a buyer isn't sure they're buying it.

- [ ] The business could run for a month without you and nothing critical would stall.
- [ ] Pricing calls, exceptions, and key decisions can be made by someone other than you.
- [ ] How the important judgement calls get made is written down, not carried in your head.
- [ ] There's a layer of management making real decisions, not just executing yours.
- [ ] Key supplier and customer relationships are held by the company, not by you personally.

05 Operations and delivery

Every process either serves an outcome, meets a real obligation, or is drag.

- [ ] You know where work slows down, and what your genuine capacity ceiling is.
- [ ] Adding volume doesn't quietly break quality or blow out cost to serve.
- [ ] For each significant process, you can say what it's for, how it runs, and why it's done.
- [ ] Processes exist because they serve the customer outcome or a real requirement, not because "we've always done it this way".
- [ ] Delivery capacity can scale with demand without a drop in quality.

06 Risk and compliance exposure

An unquantified liability prices at its worst case. A quantified one prices at its size.

- [ ] You have no live regulatory, licensing, tax, or classification exposure that's gone unexamined.
- [ ] Where a risk exists, it's been measured, provisioned for, and has a documented plan behind it.
- [ ] Key contracts are signed, current, and would transfer to a new owner.
- [ ] You'd be comfortable with a buyer's advisor examining any part of the business cold.
- [ ] There are no unresolved legal, employment, or IP-ownership questions sitting in the background.

07 Systems and visibility

Reporting that only records that activity happened doesn't answer a buyer's questions.

- [ ] Your reporting answers commercial questions, not just records that activity happened.
- [ ] You can get to the numbers behind a result without a week of manual work.
- [ ] The data a buyer would ask for exists, is consistent, and predates the question.
- [ ] You measure the few things that actually drive the business, and act on them.
- [ ] Nothing important depends on a spreadsheet only one person understands.

READING YOUR RESULT

Count the boxes you couldn't tick.

0–5 gaps	Well positioned. The work is refinement and evidence, not repair. Worth confirming the gaps are genuinely closed rather than assumed.
6–15 gaps	Typical, and material. Each gap is value a buyer would price against you. Most are fixable with 12–24 months of runway, which is exactly why finding them now matters.
16+ gaps	The business is likely worth less than the P&L suggests, and a sale today would surface these in the worst possible room. There's real value to recover, and time is the main constraint.

The gaps that cost the most are the ones you can't see from inside.

This checklist finds what you already half-know. A Commercial Assessment finds the rest: a fixed-scope, fixed-fee read of where value is actually being made and lost, and what to fix first, from outside the day-to-day where the pattern is easier to see.

`Start with a Commercial Assessment → apg.partners/commercial-assessment`

This checklist is general information, not financial, legal, or valuation advice. Multiples, concentration thresholds, and risk treatments vary by sector, buyer, and circumstance. Use it to find questions worth answering, then get specific advice on your own numbers.