



## >: 3 Questions to ask before investing in a private business

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Question #1. Has the management team "done it before". More specifically, has the management team been most recently been active in the proposal's business industry. Do the company leaders have real "know how" vs. nice looking resumes. Included in this are the issues of personal integrity, unblemished standing in the industry, etc.

Question #2. How do I, the investor, get paid back ASIDE from the normal "I'll 5x or 10x your investment in 5 years." Even if the management is successful in starting and running a business, it doesn't mean that they understand to treat the investors well. Many successful operators just don't understand the concept of treating their investors fairly. They can successfully run the business; but, not be successful in paying the investors.

Question #3. After Question #1 and #2 are answered satisfactorily, THEN, review the business plan. Look for the glaring omissions and/or errors. Then, look at the way the management answers. Do they essentially try to "blow the issue over" or do they really try to do something to correct the issue. Decline to invest in any business where the management feel they "know it all already."

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