

>: First 3 questions to ask before investing in a private company.

Friday, February 22, 2008 / Dekay III

The first 3 inquiries I would ask if approached to invest in a private enterprise would be the following:

A. Define your intended niche and its moat - This inquiry would allow me to evaluate if the existing management had truly identified a realistic future goal, with a niche in their expected market, and had the insight to foresee realistic competitive expectations to profitability, instead of creating an initially profitable venture with an easily copied business plan.

B. Breakdown of how invested capital will be applied via your business plan - This would, of course, allow me to evaluate how well the current management has thought out their anticipated financial requirements. The capital would have to be able to support the plan and operations for a period of 3 years without income, minimum.

C. If business Plan A does not come to fruition as expected, what is Business Plan B?

Dekay III