

Dealership Due Diligence & Evaluation

Company: _____

Head Office Address: _____

Phone Number: _____

Main Contact(s): _____

Email address: _____

COMPANY

- 1) What is the structure of the organization?
 - a) Years in business?
 - b) Local or National?
 - c) Head office location?
 - d) Background of senior management?
 - e) Franchise or branch operation?
 - f) Separate divisions?
- 2) What are the company's vision and mission statement and do they have a written business plan?
- 3) What is the culture of the company? Is it a good fit?
- 4) Is it a public or private company?
 - a) Is management separate from ownership of the company?
 - b) Is there a Board of Directors? Is it independent?
 - c) What is the share ownership breakdown?
- 5) How has the company adapted to meet the new competitive and regulatory environment?
- 6) Does the company have access to capital for survival and future growth?
 - a) Are there financial backers or strategic partners?
 - b) Please provide audited financial statements.
- 7) What is your companies profit model and will it be economically viable in light of the new financial services environment?
- 8) Is there an opportunity for equity ownership in the company?
 - a) How is it structured?
 - b) What are the terms?
 - c) Why would an advisor/associate want equity?

- 9) What are the Assets under administration?
- 10) What are the Assets under management?
- 11) How many branch offices does the company have? Where are they geographically situated?
- 12) How many advisors/associates are with the company?
- 13) What is the Average book size per advisor?
- 14) How is the relationship between the advisor and company defined?
- 15) Who owns the book of business?
- 16) Please supply copy of associate agreement.
- 17) Are there licensing or educational requirements?
- 18) Are the advisors free to recommend all financial products to their clients?
- 19) Are there requirements for the name my business operates under?
- 20) Does the company set minimum production targets?

SUPPORT

- 21) What training does the company provide to help grow my business?
 - a) Training for advisors, staff and new employees?
 - b) How often (obtain a schedule/agenda)?
 - c) Is their individual practice and business management available?
- 22) Can I obtain the compulsory C.E. credits exclusively through the company?
- 23) What types of value added services can I expect from the company (eg. educational conferences)?
- 24) How does the company ensure that it is meeting the needs of its advisors/associates?
 - a) Are there committees, focus groups, advisory councils etc?
 - b) Can most advisors actively participate?
- 25) How does the company handle self-directed accounts?
- 26) Does the company have a group insurance plan available (obtain details)?
 - a) Who can participate (Advisors, staff)?
 - b) Is it compulsory or voluntary?

COMPENSATION

27) What is the pay out structure?

- Mutual funds
- Securities
- Insurance
- Banking
- Other

- a) What is the frequency?
- b) Is it done electronically?
- c) How are they tracked and communicated?

TECHNOLOGY

28) What technology is utilized and what are all the costs associated with the technology?

- a) Back-office systems?
- b) Contact management?
- c) Financial planning software?
- d) Product analysis software?
- e) Voice Recording Software for trades?
- f) Scanning technology for files?
- g) On-line services (e-mail, forms, website, etc.)?
- h) Is there a website program, is it customizable or standard (obtain a sample)?
- i) Is there an e-newsletter program (obtain a sample)?
- j) Is there an Intranet for advisors to get information?
- k) Can clients get their statements on line?
- l) Can clients aggregate all financial information into one on-line statement?
- m) Cost breakdown (up front fees, license fees, usage fees, upgrade fees, technical support fees etc.)?

29) Can I easily prepare comprehensive and accurate statements? (obtain a sample)

30) Is there competent technical and systems help available? Will I be charged for using their services?

COMPLIANCE

31) How does the company handle compliance and monitor the advisor's activity?

- a) How many full time compliance officers are there
- b) Are trades tracked electronically?
- c) Is there an up-to-date policy and procedures manual?
- d) How are the MFDA fees handled?

32) Has the company had problems with the regulators in the past?

SECURITIES

- 33) Does the company have a securities division?
- a) Is it an IIROC member?
 - b) Is it a CIPF member?
 - c) Does the firm self clear or use a third party arrangement?
 - d) What products can be offered?
 - e) What back office system is used?
 - f) Is there a referral system for securities for MFDA licensed advisors?
- 34) What is the compensation grid for the securities division?

INSURANCE

- 35) Does the company have an insurance division?
- a) Which insurance providers does it offer?
 - b) Do I have to place all of my business with this division?
 - c) Are the contracts vested?
 - d) Is it an MGA or National Account structure?
 - e) Can I aggregate all my insurance business on a single statement?
 - f) What kind of support can I expect from your insurance division?

BANKING PRODUCTS

- 36) Does the company have a banking division?
- a) What products and services are available?
 - b) Do I have to place all my business with this division?
 - c) How does the compensation structure work? Frequency of payment?
 - d) What kind of support can I expect on banking products?

MONEY MANAGEMENT

- 37) Does the company have a wealth management division?
- a) What products and services are offered?
 - b) Is there product research available?
 - c) Are there any quotas or pressure to sell the wealth management division?
- 38) Does the company have its own proprietary money management products?
- 39) What unique strategies does the company utilize in dealing with High Net-Worth Clients?
- 40) Are there relevant and ongoing Economic commentaries available to advisors/associates? Is there a cost for this service?

SUCCESSION PLANNING

- 41) How will an advisor be treated if they decide to leave the company?
- 42) Is there a succession plan in place in the event of retirement, death or disability?
 - a) How is it structured?
 - b) Who controls the plan?

MARKETING ASSISTANCE

- 43) How does the company help me market:
 - a) To existing clients?
 - b) To new prospects?
- 44) Does the company supply:
 - a) Template Seminars?
 - b) Template Newsletters?
 - c) Template ads?
 - d) Template marketing brochures?

TRANSITION

- 45) Is there a transition allowance?
 - a) How does it work?
 - b) What are the tax aspects?
 - c) Do I have to sign a non-compete and for how long?
- 46) How are self-directed fees handled?
- 47) Are there any costs to my clients to transfer over?
- 48) Is there a transition team in place?
- 49) What are the procedures and how long will it take?