

Buying a small or midsize business is less about spreadsheets than about people. The seller interview is where financials meet human reality. You are not just confirming revenue and margins, you are testing the story behind them. You want to know what the owner actually does on a Tuesday, who really makes the wheels turn, which customers drive profit, and what breaks when the founder leaves. In Business Acquisition Training, this is the conversation that separates a confident buyer from an expensive lesson.

I have sat across from owners in cramped conference rooms and bustling shops, at quiet kitchen tables and on Zoom calls with spotty audio. Some come in polished, with banker-ready decks. Others slide over a cup-stained printout and a firm handshake. The format varies, but the objective does not. You need to surface truth, identify risk, and build enough rapport to keep the deal alive without giving away your negotiating position.

What follows is a field guide to the seller interview. It blends question frameworks with judgment earned through deals that went right and a few that went sideways. Use it to prepare, to steer, and to spot the tells that numbers alone never reveal.

## **What the interview is really for**

Most first-time acquirers treat the seller interview as a fact-finding session. Facts matter, but you could pull many of them from tax returns, general ledger exports, and bank statements. The deeper purpose is to understand dependency, durability, and deception.

Dependency is about concentration and single points of failure. If a \$6 million revenue company has one customer at \$3 million and one engineer who can keep the legacy system alive, that is not a \$6 million business you can reliably own. Durability covers the stability of demand, the transferability of relationships, and whether the moat is skill, process, contracts, or mere owner heroics. Deception is a strong word, but sellers often present rose-colored versions of the truth. Not all of it is malicious. Memory is self-serving, and success stories leave out the scaffolding.

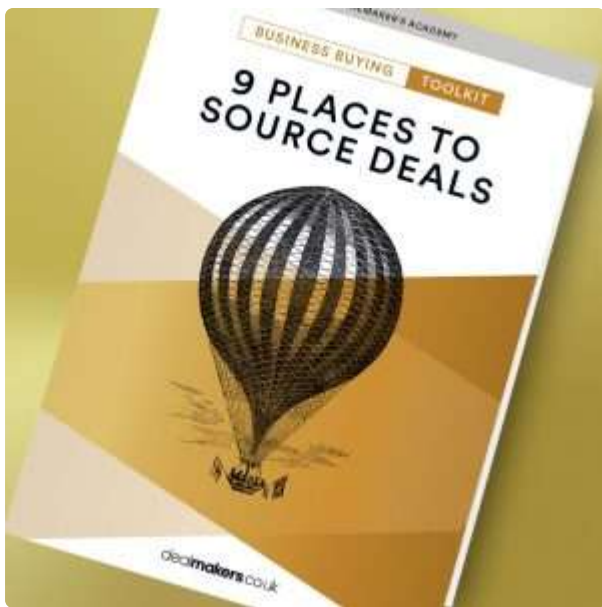
A good interview also tests fit. You learn whether you can work with this person for the next six to twelve months during transition. You sense how they handle tough questions. You observe their discipline, or lack of it, in how they recall numbers, processes, and people.

## **Setting the stage so the truth can surface**

Tone and pacing matter. If you arrive as an auditor, the seller will retreat to short answers. If you arrive as a pushover, they will fill the space with narratives and omit the hard edges. Aim for firm curiosity. Share enough about your background to show you understand their world. Keep explanations brief. Then ask open questions that invite stories, followed by narrow questions that anchor claims.

Set clear expectations: you will cover the company's origins and trajectory, customers and revenue quality, operations and team, financial controls, risks, and the owner's plans after the sale. Let them speak without interruption for the first few minutes. Owners will often give you the headline risks unprompted if you resist the urge to steer too soon.

Bring a printed agenda and a quiet timer. I like 90 to 120 minutes for a first deep dive. If there is momentum, schedule a follow-up rather than run long and rush the last third. Tired sellers get sloppy with words, and sloppy words are hard to unwind later.



## The origin story and why it matters

"Tell me how this business started, and what you changed in the first year." Many owners relax into this one. You listen for leverage points. Did growth come from a single product improvement or from aggressive price discounting? Did the owner invest in process automation or win on hustle? Ask what the first big break was and whether that break still matters.

Then move forward in time. "If you divide the history into three chapters, what defines each?" The best operators can articulate turning points: a new channel, a competitor's exit, a supplier change, or a recession that forced disciplined procedure. Note the timeframe and repeatability of the wins. A one-time COVID spike in home fitness accessories is not a durable thesis. A five-year track record of 12 to 15 percent compound growth from a proactive outbound motion with documented playbooks is.

## Revenue quality and the anatomy of customers

The two big questions are who buys and why they stay. I prefer to start with the customer roster without asking for spreadsheets. "Walk me through your top ten accounts as if I were shadowing you for a week." Owners who truly own the relationships can give you specifics: procurement contacts, renewal dates, **Business Acquisition** *dealmakers.co.uk* service levels, quirks in payment behavior. Owners who rely on account managers will talk in generalities, which is fine as long as they can identify the person inside who owns the retention lever.

Then tighten the lens. "What revenue would you bet your house on repeating next year, and which revenue keeps you up at night?" You want a number, not a feeling. If they say, "Most of it," ask, "If we had to sign our names under a number, is it 60 percent, 75 percent, or 90 percent?" This forces a definition of recurring, reoccurring, and project-based revenue. I have seen businesses call quarterly replenishment orders "recurring" even though they have no contracts and the buyer switches suppliers every 18 months. Label it correctly. Recurring is contractual, reoccurring is habitual but cancellable, project is episodic.

Test concentration in two dimensions, customer and product. "How many customers make up half of revenue? Which SKUs, services, or jobs account for half of gross profit?" If three customers or two SKUs dominate, ask how they were won, what competitors are in the mix, and what would trigger a switch.

Edge case worth noting: when the concentration is with a reseller or channel partner. On paper this looks like single customer risk. In reality it can be a diversified end-customer base with a middleman. Ask for the economic

dependence behind the channel: exclusivity terms, service obligations, and whether the reseller can move the account to your competitor in a week.

Pricing power reveals differentiation. "When did you last raise prices, by how much, and what happened?" Good businesses have a price change story tied to value communication and negligible churn. Hesitation here often points to weak positioning or an owner afraid to test discomfort.

## **The operational spine: how value gets built and delivered**

Operations interviews are easiest on the factory floor or in the field. If possible, tour before you sit down with a list. While you walk, ask the person on the machine or in the truck what good looks like on a shift. You are not challenging the owner. You are triangulating. If operators say the work changes daily and schedules come late, variability and firefighting are baked in. If they can quote takt times, staging areas, and rework rates, the shop runs on process.

Back at the table, go sequence by sequence. "From the moment a lead hits the inbox to cash in the bank, map the steps." Get the systems, roles, and handoffs. I once interviewed a seller who insisted their 28-day cash conversion cycle was bulletproof. The warehouse manager later explained how they routinely released orders before PO confirmation to keep the client happy. The float looked fantastic until one quarter when it did not.

Ask, "What breaks when you are on vacation?" The candid answers are gold. If they say nothing, ask their assistant. The phrase I want to hear is, "We have playbooks, but there are three or four edge cases where I get pulled in." Edge cases are fixable. If the owner is the escalation path for routine decisions, your first job post-close is to install a decision tree and probably two mid-level managers.

Equipment and software are long-tailed risks. "What machines, licenses, or integrations would stop production if they failed? Who services them and how fast?" Track the lead times. Eighteen-week delivery for a key pump or an unsupported accounting integration introduces fragility your pro forma rarely prices in. Budget and timetable for redundancy or modernization.

## **People, incentives, and the truth behind titles**

Titles do not tell you who runs the place. Compensation and calendars do. Ask for an organization chart on paper, then ask the owner to draw their informal chart on a separate sheet. "Whose opinion changes your mind? Who do you trust most when you are not sure?" If the person with the biggest influence sits far from the job title you expected, plan accordingly.

Dig into incentives. "Who gets paid for what behaviors, and what are the thresholds that change how they act?" In service companies, techs paid only on hours billed tend to over-serve or avoid non-billable tasks like documentation. In sales teams, commission plans with heavy accelerators near quarter end create sandbagging and discounting. No moral judgment here, but you must predict behavior under your ownership.

Longevity and bench depth are facts, not sentiments. "Which two people would you be most afraid to lose, and how likely is it in the next year?" Press for names and reasons. I once bought a company where a quiet AP clerk held vendor relationships in her head. She left two months after close when her childcare changed. Rebuilding trust with suppliers took six months and real cash.

When you sense posturing, change the angle. "If the top three performers left, how would you replace them, and what would it cost?" The answer tells you whether the owner has ever thought about succession beyond themselves. If not, you have a talent roadmap to build before you grow.

## Financial controls without the accountant's lecture

You are not auditing. You want to understand how close to the money the owner is and how tight the feedback loops are. "When do you know a month went well? What screen do you look at?" Some owners can pull up dashboards with weekly gross margin by line. Others wait for the bookkeeper to close the month and then ask for a one-page summary. Discipline correlates with predictability, but do not over-index. A charismatic operator can run a lean, paper-light shop with excellent instincts. The risk is key-person dependence in financial hygiene.

Normalize add-backs in plain language. "Show me expenses you would not expect a new owner to carry, and the receipts or statements behind them." You are looking for personal vehicles, family salaries, one-time legal bills, the odd travel hobby disguised as market research. Do not argue add-backs in the first interview. Note them and ask for evidence. The tone should be, "Help me understand," not "Gotcha."

Ask about inventory valuation and write-downs. "When do you mark something obsolete? Show me the last time." Many small companies capitalize hope. Old stock clutters the warehouse and the balance sheet. Your job is to see it before it erodes cash after close.

Probe working capital in the real world. "Do customers pay on time? Who chases AR, and what phrases do they use?" I ask for the last three collection emails. The language tells you whether the team is deferential or firm, and whether the owner has trained for situational scripts beyond "just checking in."

## Risk, seasonality, and what stress reveals

"Tell me about the hardest quarter in the last five years." Good sellers have the story ready, with causes and changes implemented. Weak ones gloss or blame. If the hardest quarter is always external - weather, the economy, a flaky vendor - press for internal mistakes and lessons. Resilience is as much about humility as systems.

Seasonality is not just a revenue chart, it is staffing and cash behavior. "How do headcount and overtime shift across the year? When do you draw on your line of credit, and by how much?" A company that swells from 35 to 70 people every spring and back down in August is a different animal than a steady 45 with temp help. You budget for recruiting, training waste, and quality dips accordingly.

Regulatory or contract cliffs are quiet killers. "What certifications, permits, or master service agreements would shut us out if we lost them? When are they up for renewal?" The seller may shrug because they have never lost one. Ask when they last had a finding or deficiency. Ask how much lead time they need to pass a surprise audit. The best answer sounds like a checklist, not a guess.

## The owner's day, decomposed

There is a question I ask with a smile and a straight face: "Open your calendar and walk me through last week." If they cannot, ask them to narrate a typical week including time blocks. You are mapping time to functions. Owners often underestimate the glue work they perform. They say they spend ten percent on sales, then reveal two-hour daily calls with the top client. They say operations runs itself, then mention they check every job costing report at night.

Create a simple table for yourself with rows for sales, marketing, operations, finance, HR, supplier management, and special projects. Put rough percentages next to each. Anything above 30 percent is a red flag. Anything above 50 percent is a risk that requires a named backfill or a delayed handoff plan post-close.

Then ask, "What do you hope to stop doing the day after close?" If they say "everything," expect friction. If they can name three tasks they gladly let go and two they will support during transition, that is workable. Tie this to

the transition agreement later.

## **Motive, price, and the truth behind the exit**

Everyone says they want to retire, spend time with family, or pursue a new project. All fair. But the motive under the motive is what protects you. "If a fair deal did not come together, what would you do with the business for the next three years?" If they have a growth plan they are excited about, ask why they are not doing it now. If they lack a plan, it may signal fatigue. Fatigue is fine to buy, but it explains underinvestment you must correct.

Price sensitivity reveals how they will negotiate. "How did you arrive at your valuation expectation?" Sellers who reference industry multiples plus a premium for quality are easier to work with than those who say, "I need this number to retire comfortably." The latter is a personal financial plan, not a valuation argument. You cannot finance a feelings-based price.

A useful framing: "If we agree on a structure you like, what are you willing to stand behind in an earn-out or seller note?" Willingness to tie economics to future performance or reps and warranties signals confidence. Blanket refusal is not a deal killer, but it shifts risk to you and should shift price as well.

## **The three-turn method: open, narrow, verify**

For any material topic, run three turns. First, an open question to elicit the story. Second, a narrow question to pin numbers or conditions. Third, a verification question tied to evidence.

Take customer churn as an example. Open: "How do customers leave?" Narrow: "How many left in the last twelve months, by revenue, and why?" Verify: "Show me the churn log, termination emails, or final invoices." The same applies to lead sources, warranty claims, and vendor price increases.

This method keeps the conversation human and then anchors it in reality without turning the room adversarial. It is a core discipline taught in Buying a Business courses for a reason. Stories without numbers seduce. Numbers without stories mislead.

## **Red flags and green lights you only catch live**

Some signals show up only in the room. A seller who trashes competitors unprompted often cuts corners or worries about defensibility. A seller who compliments a competitor's strength, then explains their own edge with respect, usually knows the market.

Watch how they talk about their team. If they say, "These people are like family," press for what that means in performance management. Family can be code for tolerating mediocrity. On the other hand, fierce loyalty paired with clear standards is a powerful culture to inherit.

Pay attention to document readiness. If they promise a report "tomorrow" and it arrives a week later with excuses, your post-close reporting cadence may suffer without your intervention. It is not about the report, it is about the owner's muscle memory for commitments.

Ask them to teach you something complex their business does. Teaching is a proxy for operational clarity. If they can explain a technical process to a layperson without talking down, they probably built training that works. If they drown you in acronyms or skip steps, you will rebuild training materials from scratch.

## **Two compact tools for the room**

- The rule of two clocks: Bring your questions, then ask theirs. A strong seller has thoughtful questions about your capital, your operating plan, and how you treat people. If they have none, assume they are either checked out or naive.
- The domino check: For every major answer, ask, "If that changed tomorrow, what would fall over next?" It forces a discussion of second-order effects and surfaces brittle parts of the system.

## What to document before you leave

Close the interview by summarizing what you heard in simple, neutral language. You are testing mutual understanding. Then ask for artifacts that turn words into data. My short list rarely changes: twelve to twenty-four months of customer-level sales, gross margin by product or service, AR aging with notes, AP aging, top twenty vendors with terms, org chart with tenure and compensation bands, SOPs for order-to-cash and procure-to-pay, price increase history with communications, warranty or rework logs, equipment list with service records and lead times for critical spares, certifications and renewal dates, major contracts with customers and suppliers, and churn or termination records.

One anecdote on the power of artifacts: A seller once swore that warranty claims were "negligible." The rework log showed less than 1 percent by count. The warranty labor log told another story: 8 percent of technician hours were spent on no-charge fixes. Count hid cost. Once we saw it, a simple root cause project cut that in half within six months post-close. The deal still worked, but we priced the risk correctly.

## Calibrating posture when the seller is represented

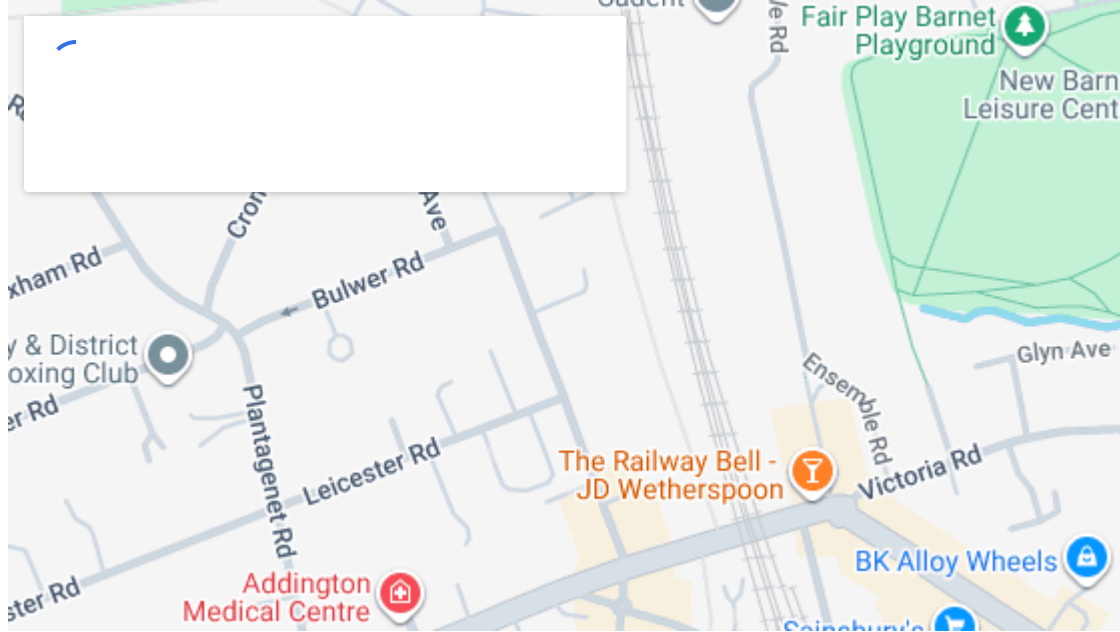
Brokered deals compress time and script behavior. A good broker can be your ally in extracting structured information. A bad one filters too much and adds polish where you need texture. If your [Dealmakers](#) access to the owner is limited, insist on a live call even if it is short. Submit your questions in advance so the seller can prepare, but reserve the right to ask follow-ups.

In banked processes for larger deals, you may only get management presentations. Use your slot wisely. Skip the questions already answered in the CIM. Go after the specific uncertainties that change your bid or structure. If you sense choreography, ask for an off-deck Q&A with functional leaders. Your tone should signal professionalism, not distrust.

## When the answers are messy

Sometimes the interview surfaces mess. Disorganized books, shaky customer concentration, equipment on its last legs. Mess is not fatal. It is a pricing and structure question. Two rules help. First, do not normalize the abnormal. If a seller insists that 60-day pay on 20 percent of revenue is "just how this industry works," call two customers **Jonathan Jay** and one competitor to sanity check. Second, map remediation work to calendar and cash. If you need six months and \$250,000 to stabilize, either hold back that amount, lower price, or add contingencies in your operating plan.

There is also good mess. A strong business run with founder habits rather than systems often offers the best return. I bought a company where the owner priced with instinct, never A/B tested, and had no CRM. Customers loved the product. We raised prices 4 percent across the board with a simple value letter, stood up a CRM with basic pipeline hygiene, and grew EBITDA 22 percent in year one. The interview told us it was possible because the owner spoke about customers with precision, admitted their blind spots, and welcomed questions rather than deflect them.



## The human contract you are negotiating

Behind term sheets and diligence lists sits a simpler agreement: will we tell each other the hard truths and honor our commitments when the unexpected happens? The seller interview is your first real test. If you model fair dealing, listen without surrendering skepticism, and treat their life's work with respect, you improve your odds of clean data and a smoother transition.

Buying a Business is not a test of how cleverly you can interrogate someone. It is a test of how well you can see a system through another person's eyes, then decide whether you can own that system, fix what needs fixing, and grow it. Ask questions that reveal the truth, then be ready to act on what you learn.