OLIVEWOOD ADVISORS

A GUIDE FOR BUSINESS OWNERS

AI Through a Buyer's Eyes

How AI is changing the questions buyers ask, and what steps you can take now.

INTRODUCTION

A new question in the room.

Somewhere this quarter, an investment committee is discussing a company much like yours. The business is profitable. The customer relationships go back decades. The management team is capable. And in that conversation comes a question that joined the list only recently: ***what does AI mean for this business over the next five years?***

It is rarely asked with hostility. It is also rarely answered well. The people asking it may not know exactly how AI will reshape your industry either. What they are testing is whether you have thought about it.

This guide hands you those questions early. Not so you can perform for a buyer, but because they offer a free audit of your business. Answered honestly, they make the company stronger whether or not you ever sell. Answered late, they become a scramble during diligence.

WHAT'S INSIDE

THE CENTRAL IDEA

Buyers will likely not pay you for AI. They will pay for earnings they believe will still be there in five years. AI has become part of how they judge that.

Buyers look at AI three *ways.*

Every question a buyer asks about AI generally falls into three categories. Knowing which one is being asked tells you what kind of answer is useful.

01

DISRUPTION

How could AI disrupt what I am buying?

Has management identified the exposure and begun adapting?

Defensive. Answered first, because nothing else is credible until it is.

02

RESULTS TODAY

How is AI making the business better today?

Can management show measurable operating or commercial gains?

Evidentiary. Where a measured result outweighs a good story.

03

ROOM TO GROW

What else becomes possible under new ownership?

Can what's proven here be expanded across the company, or the buyer's?

Upside. Only worth something once the first two hold.

WHERE BUYERS START →

Owners want to talk about what AI could do next. Buyers start with whether it puts today's earnings at risk.

Buyers aren't asking if AI is a risk. They're asking if you can *size it.*

A buyer underwriting your company is not buying last year's EBITDA. They are buying their belief that those earnings last for the length of their hold period. Anything that could change that belief gets examined, and AI is now on the list.

The questions tend to sound like this: *Could customers use AI to do what they currently pay you to do? Could a competitor deliver comparable work with fewer people and lower pricing? Could automation erode the value of a labor-intensive offering? Could AI change how customers find, evaluate or buy what you sell?*

None of those questions mean the business is unattractive. They are how a buyer establishes whether today's earnings are durable, the same instinct behind questions about customer concentration or key-person risk.

The weakest response is to dismiss the concern. The strongest is a management team that has already considered where AI touches the business, tested the relevant applications, and started adapting. That turns an abstract risk into something a buyer can **size**.

WHAT THEY ARRIVE WITH	WHAT YOU CAN LEAVE THEM WITH
Could AI disrupt this company?	*Management has identified it & adapted.*

You may not be able to completely eliminate the risk, but you can give evidence that the company is not standing still in a changing market.

Five questions you should be able to answer without notes.

Not with a strategy document. In conversation, the way you'd answer a question about your largest customer.

01 Which parts of what we sell could become faster, easier or cheaper to produce because of AI?

02 Could our customers use AI to replace work they currently pay us to perform?

03 Where could a competitor use AI to build a real cost, speed or experience advantage over us?

04 What are we already doing about it?

05 Where could AI strengthen our differentiation rather than erode it?

OWNER REFLECTION

If your competitor rebuilt your business from scratch tomorrow, with today's tools and none of your history, what would they do differently?

"We use AI" is not an answer. *"Here's what changed"* is.

Telling a buyer the company uses AI carries almost no weight. Nearly every company uses AI, either directly or indirectly. The useful question is what changed in the business because of it.

The answer tends to show up in the operating detail. A company shortens its quoting cycle. Sales spends more hours in front of customers. Administrative work falls. Engineering moves faster. Service responds the same day instead of the next week. Volume grows without headcount growing at the same rate.

Those are operating improvements any buyer understands, in the language they already use. Better still, most of them can be measured, and a measured result is worth considerably more in diligence than a compelling story.

WHERE IT SHOWS UP MOST OFTEN (YOUR BUSINESS WILL HAVE ITS OWN)

COST	CAPACITY	SPEED	QUALITY	REVENUE
Same output, less spend	More volume, same team	Shorter cycle times	Fewer errors and reworks	Work won that used to go elsewhere

AI activity is not AI value. A buyer will care more about one workflow with a measured result than a list of a dozen tools the company has licensed.

What *evidence* looks like in practice.

Consider a specialty manufacturer that quotes custom configurations. Whatever your industry, the shape of the story below is what a buyer listens for: a baseline, a change, a measured result, and what remains.

QUOTE TURNAROUND	ENGINEERING HEADCOUNT	ROLES ELIMINATED
~~9 days~~ → 2 days	2 before, and 2 after	0 capacity was redeployed

BEFORE	Two application engineers spend most of the week translating customer specs into quotes. Turnaround runs eight to ten business days. Some opportunities are declined for lack of capacity.
THE USE CASE	Historical quotes, spec sheets and pricing logic generate a first-draft configuration and price. Engineers review, correct and approve every one.
WHAT CHANGED	Turnaround falls to two days. The same two engineers handle materially more volume.
MEASURED	Quote volume, win rate and revenue per engineer, each tracked against a documented pre-launch baseline.
STILL AHEAD	The same workflow has not yet been applied to the aftermarket parts business or the second plant.

Cost savings and new capability both raise earnings. Only one leaves *upside for the next owner.*

Most of the early conversation about AI has been about doing the same work with fewer people. That is real, and buyers credit it, particularly where it protects margin. But efficiency has a floor: once a process is as lean as it is going to get, it cannot be squeezed again, and a buyer can see where that floor is.

The applications that carry more weight are the ones that touch revenue: faster response that wins work which used to go elsewhere, better information that puts a sales team in front of the right opportunities, capacity freed from repetitive work and redeployed to customers.

Those count for more because management has already run the experiment. The use case has been tested, adoption has been worked through, and the economics are understood rather than projected.

A COST SAVING

Lifts the number

Your cost structure is permanently lower, and a buyer pays a multiple on the better earnings. But once the saving is captured, it is captured.

A REVENUE CAPABILITY

Lifts it, with upside

It improves earnings as well, but it also gives the next owner somewhere to take it: another plant, another region, the rest of a portfolio.

ADVISOR'S PERSPECTIVE

Owners lead with the savings because they are easier to prove. Buyers listen harder to the proven *capability*.

Leave something on the table, *deliberately.*

A sophisticated buyer looks past what you have already captured to what they could do next. A strategic acquirer sees a workflow that could run across their other divisions. A private equity buyer sees a capability that could scale inside the company, or across a portfolio.

The distinction that matters here is credibility. A value-creation plan built entirely on things nobody has attempted carries execution risk the buyer has to discount. One that starts from a use case management already proved at small scale does not.

This is also permission to stop short. Owners sometimes assume they need to capture every available benefit before going to market. Identifiable, credible upside left for the next owner is an asset in a process, not a shortfall. What you want is evidence that the opportunity is real, not that you exhausted it.

WHAT A STRATEGIC BUYER SEES

A workflow proven in one business that can be pushed across several.

WHAT A FINANCIAL BUYER SEES

A repeatable capability that can possibly be scaled across a portfolio.

THE COUNTERINTUITIVE PART

Proven at small scale and not yet expanded is a better position than fully built. The first is upside a buyer can pay for. The second is upside you already spent.

Does any of this change my *multiple?*

Usually not directly, and any advisor who promises otherwise is selling something. Nobody underwrites a turn of EBITDA because a company adopted AI. But valuation is the output of a handful of judgments a buyer makes, and AI now influences several of them.

Durability of earnings	The clearest path. An exposure a buyer can see but you cannot explain gets priced as risk.
Breadth of the buyer set	Buyers with a technology thesis will engage with a company that can hold the conversation, and quietly pass on one that can't.
Confidence in the forecast	Projections supported by a capability already operating are harder to discount than projections supported by intent.
Friction in diligence	Unanswered questions don't usually kill deals. They extend timelines, invite retrades and consume goodwill you need elsewhere.
Post-close risk allocation	Where a buyer is uncertain, they reach for structure (escrow, earnout, a longer hold on you) over a lower headline price.

THE HONEST VERSION

AI rarely adds to the price. It routinely protects it.

You may be less exposed than the headlines *suggest.*

Plenty of successful founder- and family-owned companies are far harder to disrupt than the news suggests. If the work takes trucks, crews, licenses, inventory, an inspector's signature, a relationship built over twenty years, or someone physically on a roof, a language model is not going to do it.

That does not mean AI is irrelevant to you. It means your exposure is in the office rather than in the work itself, and that what AI offers you is capacity, not a defense.

HIGHER EXPOSURE WHEN…

- The product is information, analysis or documents
- The work is largely performed at a desk
- Customers are large enough to build it themselves
- Pricing is per-hour or per-task
- Volume, not judgment, is the constraint

LOWER EXPOSURE WHEN…

- Delivery requires physical presence, assets or licensure
- Liability sits with a named person
- Switching costs are high and relationships are long
- Regulation requires human accountability
- The scarce input is skilled labor, not information

Buyers are evaluating the organization, not the *software.*

Putting one use case into service takes a chain of small decisions. Someone spotted the opportunity, tested it without betting the business, trained the people who use it, and measured whether it worked. None of that is really about AI. It is about how the company operates.

That matters most in a business that has run well for thirty or forty years. A buyer's quiet concern there is never competence. It's whether the organization can still change once the founder is no longer the one deciding. A recent, documented example of the company adopting something new is one of the more persuasive answers available.

There is a related risk worth naming. If the entire capability lives with one enthusiastic employee, it is not an operating capability. It is **key-person concentration wearing new clothes**, and buyers will treat it that way.

WHAT A BUYER TAKES FROM IT

Adaptability

The company changed how work actually gets done, recently, and the change held.

Operational discipline

Someone wrote down the before and the after, and can produce both.

Usable data

The records were organized enough to be worth building on.

Willingness to change

The owner was not the obstacle.

> *The signal isn't that management adopted the newest technology. It's that management can evaluate a change, act on it, and prove whether it made the business better.*

What diligence will *actually* ask.

Expect this line of questioning once you are under a letter of intent, from a diligence team that asks these questions for a living. That is the wrong moment to begin crafting answers, so the work is to have them ready before you go to market.

USE & RESULTS

Which use cases are live today, and who uses them?

What measurable result has each produced, against what baseline?

What did it cost to get there?

Are the benefits repeatable, or dependent on two people?

DATA & CONTRACTS

What company or customer data has been put into which tools?

Do your vendor agreements permit that data to train their models?

Do any customer contracts restrict AI use in delivering their work?

Who owns output produced with these tools?

CONTROL & GOVERNANCE

Is there a written policy on what employees may use and share?

Where does human review remain mandatory?

What tools are in use that management didn't approve?

How is accuracy checked in customer-facing work?

DEPENDENCY

How much of the benefit depends on a single vendor?

What happens to the economics if that vendor triples its price?

Could the workflow be moved?

Is anything critical running on a personal account?

Time is the advantage. Use it to build a *record.*

You do not need an AI initiative. You need two or three places where the technology addresses a real problem, a baseline written down before you start, and the discipline to keep the results.

01 **Name the exposure.** Where could AI change customer behavior, pricing, labor, competition or the offering itself? Write down the honest answer, including "probably not much."

02 **Start from a problem, not a tool.** Slow processes, repetitive work, capacity constraints, information that lives in one person's head.

03 **Record the baseline first.** Cost, hours, cycle time, conversion, error rate, headcount. This step takes an afternoon and is the one most often skipped.

04 **Test where the downside is survivable.** Internal before customer-facing. Then decide honestly whether it worked.

05 **Embed it, or stop.** A tool one enthusiastic employee uses is not a capability. Either it becomes part of a documented workflow others can run, or it gets retired.

06 **Keep the evidence.** One page per use case: the problem, the baseline, what changed, what it cost, what you learned.

A NOTE ON FAILURES →

Keep those pages too. An owner who can explain what didn't work, and why they stopped, is more credible than one whose every experiment succeeded.

Where AI tends to show up *first.*

These are organized by function rather than by industry, because most businesses start in the same handful of places. The list is meant to be illustrative rather than complete, and the order reflects how often each one works on the first attempt.

FUNCTION	A COMMON FIRST USE CASE
☐ Back office	AP coding, document intake, order entry from emailed POs and PDFs
☐ Quoting & estimating	First-draft configurations and pricing from historical quotes
☐ Purchasing & inventory	Reorder points, demand signals, supplier lead-time variance
☐ Scheduling & dispatch	Crew, route and job sequencing against real constraints
☐ Service & warranty	Triage inbound issues and surface the fix that worked before
☐ Sales support	Call prep, account history, first-draft proposals
☐ Safety & compliance	Incident write-ups, permit and certification tracking
☐ Engineering & drawings	Revision comparison, submittal and spec preparation

MARK TWO →

Tick the two you would try first, then carry them into the worksheets that follow. Most owners should start in the back office, where the downside is survivable and the baseline takes an afternoon to write down.

One page per use case.

This is the page a buyer reads most carefully, and the one almost nobody has. Keep one for every use case, including the ones you stopped. Fill the right column in as you go, not from memory two years later.

FIELD	WORKED EXAMPLE	YOURS
USE CASE	Draft quotes generated from historical configurations	
THE PROBLEM	Two engineers, 8–10 day turnaround, opportunities declined for capacity	
BASELINE	Mar 2024 · 41 quotes/mo · 9.2 day average · 22% win rate	
WHAT WE CHANGED	Spec sheets and pricing logic drafted the first pass; engineers approve every one	
RESULT	Mar 2025 · 96 quotes/mo · 2.1 day average · 24% win rate	
COST TO DATE	$18k setup, $640/mo licenses	
WHO RUNS IT	Operations manager; two engineers trained as backups	
WHAT WE LEARNED	Wrong on 1 in 9 at first; needed a review step before anything went to a customer	
NOT YET DONE	Aftermarket parts, and the second plant	

WHY IT WORKS

Every line is a fact with a date on it. That is the difference between a claim a buyer discounts and a record their diligence team can verify in an afternoon.

Where are we exposed?

Fill this in with your leadership team, not alone. Where you disagree is more informative than where you don't. Revisit it once a year until a transaction is actually on the horizon.

PART OF THE BUSINESS	HOW AI COULD CHANGE IT	H / M / L
What we sell		
How customers find and buy		
How we deliver		
Our cost structure and labor		
Who we compete against		
How we price		

WHAT ARE WE TESTING?

USE CASE	BASELINE (BEFORE)	RESULT (AFTER)	OWNER
01			
02			
03			

BEFORE YOU MOVE ON

Any row you rated high, and cannot yet name a use case for, belongs on part two.

What would we need to clean up?

Every question a diligence team will ask, answered honestly today rather than under a signed letter of intent.

ANSWER HONESTLY, TODAY	Y	N	?
We know what tools are in use across the company	☐	☐	☐
We have a written policy on what employees may share with them	☐	☐	☐
We've checked whether customer contracts restrict AI use	☐	☐	☐
We know whether our vendors train on our data	☐	☐	☐
Human review is defined for anything customer-facing	☐	☐	☐
No critical workflow runs on a personal account	☐	☐	☐
The benefit does not depend on one person staying	☐	☐	☐

BEFORE THE NEXT REVIEW

Which of these answers would we not want to give for the first time in a data room?

IN CLOSING

A better business first. A better M&A story *second.*

No owner can predict how AI reshapes an industry over the next five years, and you are not required to. What you can do is understand where the technology touches your company, test it where it might help, and keep an honest record of what happened.

Do that and the M&A story writes itself. The most compelling version is never “we embraced AI.” It’s that you grew revenue without adding salespeople at the same pace. That you cut quoting time from ten days to two. That a part of the business people assumed was vulnerable got stronger because management saw the change early and did something about it.

There is a quieter benefit, and it may be the more valuable one. The work forces you to look at the company the way a future owner will, and those are the right questions whether you sell in two years, in ten, or never.

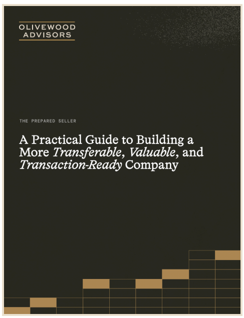
HERE TO HELP

If you want a read on how buyers would see your business today, that is a conversation we have regularly with owners who are years away from a decision.

ADDITIONAL RESOURCES

Our library is *yours.*

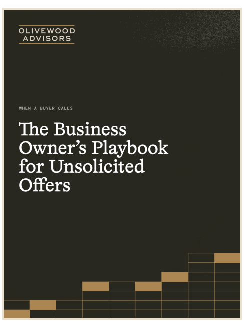
Use our resources to prepare for what's next, long before a decision is on the table. Access the full resource library at ***OlivewoodAdvisors.com***.



GUIDE 01

Transaction Readiness Guide

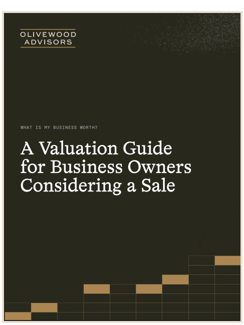
A practical guide to building a more transferable, valuable and transaction-ready company.



GUIDE 02

The Owner's Playbook for Unsolicited Offers

Helping owners evaluate inbound interest before making important decisions.



GUIDE 03

Valuation Guide

A practical look at what drives value and how buyers evaluate privately held businesses.