

Frequently Asked Questions

The Vann Group provides advisory and intermediary services to the owners of privately held small/mid-size businesses. The following provides an overview of the specific services and the basic structure of an engagement.

What Type of Advisory Services does the Vann Group Provide?

Our advisory services are strategic in nature. We provide guidance relating to opportunities that will have a substantive impact on a company's direction. Our advisory services focus on helping owners **create, maximize** and **realize the unlocked value in their companies** Our advisory services include:

- ▶ Business Plan/Model Development
- ▶ Capital & Financing Acquisition
- ▶ Company Analysis & Positioning
- ▶ Development of Strategic Alliances/Joint Ventures
- ▶ New Venture Development
- ▶ Succession/Transition Planning
- ▶ Strategic Planning
- ▶ Mergers & Acquisitions Identification

In addition to working with a company to provide thinking and guidance, we are often engaged to assist with the execution of these strategic directions.

Once Engaged, How is the Vann Group Compensated?

For advisory engagements, we are generally compensated either on a fixed fee basis or at an hourly rate.

- ▶ Fixed fee projects are individually priced based on the specifics of the engagement. When engaged, an upfront fee equal to 20% of the project is required and the remaining fee is due based on project specific milestones or at the completion of the project.
- ▶ Hourly rate projects are quoted based on an estimated level of effort and the standard rates for the individuals engaged on the project. Generally speaking, the hourly rates range from \$75 an hour for junior staff to \$275 and hour for our senior staff. These engagements are generally invoiced monthly with payment due upon receipt.

Lastly, if a long-term engagement does not have a clearly defined completion and the level of effort is difficult to gauge or the activities being undertaken encompass multiple projects, a retainer based relationship can be established.

How Does the Vann Group Help Me Sell My Company?

As an intermediary, our responsibility is to facilitate the sale/transition of the ownership of your business to a qualified third party. That third party may be someone internal to your organization or from the outside.

Internal transactions are unique due to the circumstance, but usually consist of the following process:

- ▶ Valuation of the business.
- ▶ Interviews with each party involved in the transaction.
- ▶ Development of a deal structure.
- ▶ Negotiation/facilitation of key deal points.
- ▶ Documentation of the agreed upon structure.
- ▶ Assistance with securing financing (if required).
- ▶ Management of the process up to the point of completion.

With external transactions our responsibilities include:

- ▶ Valuation of the business.
- ▶ Development of a buyer profile and target list.
- ▶ Development of marketing strategy and the related materials required to present the Company to the marketplace.
- ▶ Initiation of contact and presentation of the Company to prospective buyers.
- ▶ Coordination of the introduction process and related information sharing.
- ▶ Negotiation and analysis of offers.
- ▶ Management of the process up to the point of completion.

Upon request, we can provide you with a detailed document that explains the specifics of each step in the process.

What are the Specifics of Engaging the Vann Group?

When a company decides to engage us as its intermediary, we enter into a legally binding relationship. Our contract is straightforward and is designed to protect everyone involved. It explains the obligations of each party and the specific terms and conditions that will govern our relationship for this specific engagement. This includes language regarding exclusivity, fees and indemnification clauses.

How is the Vann Group Compensated for Selling a Company?

The fee structure we employ varies based on each specific engagement. With that said, the majority of our engagements include two key elements:

1. An initial upfront fee paid at the time of execution.
2. A success fee due upon closing.

The upfront fee ranges from \$1,500 to \$15,000. The purpose of the upfront fee is two fold:

1. It ensures we cover a portion of the costs we incur for developing the valuation, the marketing strategy and outreach to the targeted buyers
2. It provides us with confidence that you are willing to sell the company and that you are committed to being represented by a professional intermediary.

Determination of the amount of the retainer fee is based on a number of factors including the size of the company, the industry and the level of complexity of an anticipated transaction.

For success fees, the fee structure varies as well. Virtually all of our engagements we use either the Lehman Formula or a modified version of it. In general terms, the formula is a declining scale with a higher percentage charged on the first million dollars of transaction value and steadily declining as the value increases. With smaller transactions, we may use a fixed percentage. As with the retainer, the fee structure we propose is based on a variety of factors.

A few other items of note regarding our fee structure:

- ▶ For external transactions, we do not require a monthly retainer, which is often common practice for many intermediaries.
- ▶ We generally have minimum fee requirements, which are based on initial expectations of the final sale price.
- ▶ All upfront fees are credited towards the balance due to us at the time of closing.