

Sell Side Advisory

One of the most difficult decisions a business owner will make is the decision to sell his or her business. As a business owner you've poured a tremendous amount of effort, passion and resources into building the business to be the success it has become. In many ways, the business is like a child and making the decision to part with it can be emotional.

Once a decision has been made, it's paramount to find an intermediary to represent you that you can confide in and trust to get the liquidity event you desire with the most desirable terms. Our job as an intermediary is to lead you through the entire sales process, making sure that everything is handled just right.

To assist business owners in the process, we offer the following services:

- ▶ Presale Analysis
- ▶ Business Valuation
- ▶ Buyer Identification
- ▶ Marketing
- ▶ Deal Structuring
- ▶ Facilitation and Advocacy

We provide our services to a wide range of small/mid-size businesses covering a diverse spectrum of industries, including manufacturing, industrial services, distribution and food & beverage. Our typical client ranges from \$2 - \$20 million with discretionary cash flow from \$250,000 to \$5,000,000.

Are You Prepared to Sell?

Every discussion we have with a business owner begins with this question: **Are you prepared to sell?** Being prepared can take on a variety of meanings ranging from are you personally ready to sell to is the business positioned to sell at a price that will maximize your value.

Before bringing a company to the market, we often spend time working with the business owner to develop strategies that enhance the value of the business. We are particularly helpful in working with the owner in advance of the sale to position the company to maximize the sale value. Positioning could include strengthening the management team, upgrading financial information, reducing account concentration, cleaning up the balance sheet, resolving environmental issues or documenting discretionary items.

Valuing the Business

Once a definitive decision has been made to sell the business, we undertake a business valuation exercise to determine the market value of the business. In doing so, we rely heavily on market data, our own knowledge of the industry and how the market is assessing acquisition opportunities. We consider this insight to be incredibly valuable and useful for a potential seller because we deal with reality, not hypotheticals.

When it comes to valuation, we have a very simple rule: **if we can't agree on the value, we won't represent the business for sale.** We know the market, and we know what offers a business owner can reasonably anticipate receiving.

Finding the Right Buyer

Selling a business is one of the most difficult transactions to complete because a business is unlike any other asset. It's dynamic, containing many of moving parts. Finding the right buyer is a combination of luck, timing and knowing how to identify and effectively communicate the opportunity to the right prospective buyers.

We work exceptionally hard on marketing the companies we represent to the right pool of prospects. Our initial efforts are focused on developing a profile of the ideal buyer for the business. Each type of buyer has its own unique characteristics and traits. Our job is to define the likely class of buyers, craft our message to that audience and deliver it in the proper medium and context.

Marketing

Not too long ago, our standard protocol was to develop detailed books known as "Offering Memorandums", which were responsible for communicating the specific information and message we wanted to deliver to a buyer. In today's world, we are inclined to develop marketing materials that are reflective of the type of buyer we are looking to target. While a financial buyer might get a package that looks more like a traditional Offering Memorandum, a strategic buyer might get customized slide decks. In targeting individual buyers, we might develop a slide deck that includes multi-media elements and focuses on the benefits of ownership and the opportunity that the business presents.

With the buyer profile identified and the initial marketing materials developed, we then transition into the role of a salesman. We begin by identifying the best way to reach the targeted buyers and develop an approach to introduce the opportunity to them. Once we've developed the strategy we will begin to contact buyers with the hope that we will attract their attention and get them to begin the process of assessing the company.

Structuring the Deal

Although value is important, a successful sale is not defined by the sale price. It's defined by how much you have at the end of the deal. The structure of the deal determines the amount you receive from a sale. Our team has the capabilities to identify a deal structure that will maximize the return by taking into account the pros & cons of a stock versus asset deal, deferred compensation, seller financing and purchase price allocations. Knowing what works at the start of a transaction provides greater flexibility in setting a market price and negotiating an offer.

Facilitation & Advocacy

Once a prospect has expressed interest in your company, our role transitions from marketer to facilitator. As a facilitator our job is to provide the prospect with the information he or she needs, introduce you and make sure that the meetings and initial get-to-know-you and the company period goes well.

Once the prospect has determined that he or she wants to consider making an offer, our role transitions into that of an advocate. In this role we are responsible for promoting the company by providing additional information, answering questions and finding solutions that overcome the inevitable objections and criticisms that a buyer will raise. This role will continue throughout the consideration and offering process until an offer is accepted or rejected and the buyer decides to walk away.

Getting to Close

- ▶ With an offer accepted, our role transitions to that of a traditional intermediary. From a basic definition perspective, an intermediary is a person who acts as a link between people in order to bring about an agreement.
- ▶ From a practical perspective our role is more complex because an intermediary in the sale of a business wears many hats—We are problem solvers, trouble shooters, ego managers, sanity checkers and the people responsible for ensuring that everyone, from accountants to bankers and lawyers, stays focused on the number one task at hand – getting to close.

The Importance of Confidentiality

There is no greater fear than having an employee, customer or competitor discover that your business is for sale. We understand the real concern that owners of privately owned companies have for their absolute confidentiality and discretion.

All phases of the sale are performed under the highest level of confidentiality, which includes having all prospective buyers approved in advance by the seller and Confidentiality Agreements signed before the company name or information is released. We maintain a low profile and work with our clients in the strictest confidence.