Dressing Up For the Dance

Preparing For the Sale of a Mid Market Business

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Introduction

Dressing Up For the Dance is not a rendition of the technical elements of selling a company or preparing to sell one. Dressing Up for the Dance doesn’t mean changing the crucial dynamics of your company. It is intended to advocate in general terms how to prepare for, what to expect and how to accelerate the selling of a midsized business. It alludes to some of the elements that make up a smart, success prone path to a sale. This is not intended to be a comprehensive document on the subject. Rather it attempts to point to some considerations that can and often represent the margin of success in these mid market transactions.

As with so many complex undertakings we often indulge in generalizations and undisciplined simplifications. These tendencies don’t tend to serve us well in most endeavors. This is definitely true of selling a business. The undeniable truth is that many seasoned business owners are not seasoned business sellers. This truth can have brutal consequences. Many business owners view selling a business as a singular matter of arriving at a number and getting as close to that number as possible. This one dimensional perspective on selling leads to many varied conclusions, very few of them are good.

Many of the mechanics of selling a business are predictable and not mysterious. How you view and evaluate these mechanics and how you prepare for the process that surrounds them not only makes a difference, but in many cases makes all the difference.

"Give me six hours to chop down a tree and I will spend the first four sharpening the axe."

- Abraham Lincoln

Exit Strategies is a buy side mergers and acquisitions consultancy. We come to this subject with a very specific perspective. This perspective is shaped by our relationship with private equities, family offices and other strategic acquisition organizations. It also comes from engaging hundreds of business owners, active sellers and perspective sellers every year. In short, our perspective is highly specific, concentrated and in our opinion that makes it useful.

It’s astonishing in most cases how far apart buyers and sellers are in their perspective and mindset heading into a deal. We call it the “great divide”. Time and time again we’ve seen the correlation between the sellers’ level of preparation and their ability to bridge this divide.

As virtually all of us can testify if you want to dance at the dance, it never ever hurts to dress for it.
Why Dress Up For the Dance

Any dance worth going to is a dance worth dressing up for. If you’ve built a business and you’re considering selling a stake or the entire business, we invite you to think about it as a dance. Is this your first dance? If so you may have a special appreciation for some ideas on dressing up for it.

How much of a difference does dressing up for an impending capital event really make? Needless to say every deal is a finger print, no two are alike. Having said that how you dress, prepare and position your business can and often does make the difference between making a good deal or making a bad one or winding up without a deal at all. If you would have made a deal without dressing up, rest assured it will not be the same deal and it will in the vast majority of cases not be as good.

“A good decision is based on knowledge and not on numbers”

- Plato

It’s astonishing how unclear owners can be about what they want and need from the sale of their company. Some spend a great time fixated on a multiple or number and very little on the nearly countless collateral issues that make a sale what it is in the fullest sense. The notion that all sellers care about is “the number” is simply not true in most cases.

If the company is owned by partners or families, the potential for dangerous confusion goes up exponentially. It’s very unlikely that two or more partners will have exactly the same motivations and issues regarding the sale of their company. Knowing where divergent views are and what they consist of is critical to preparing for a successful sale.
Avoid Personal Static: A Seller Survey

A vital and often neglected aspect of a company’s condition when the sales process begins is the owners thought process and over all state of mind. Often owners come to the sales process or dance without a clear head, without a coherent and well conceived set of objectives and concerns. This common weakness can damage the deal process or even kill it. This lack of clarity can manifest itself in many ways; some of them are quite dramatic.

For instance, we’ve seen sellers come to big realizations very late in the selling process, right before or even during the close. Some of these midnight hour revelations result in a temporary or permanent derailment of the deal. This can happen for many reasons. The chances of it happening however are greatly reduced by clarity and well defined objectives going into the selling process. In our experience, a seller who is clear about their goals, motivations and prejudices going into the process is an empowered seller who will invariably make a better deal.

Many business owners when asked if they’re open to selling their business will often offer the classic reply, “Sure, if the price is right.” This sounds like an open attitude toward selling. In the vast majority of times this statement is made, it’s anything but. More often than not it’s an evasion, not a real answer. The point is owners are often illusive or unclear about their attitudes toward selling their business. This often happens because they’re not clear about their own feelings.

Selling a business especially one that has absorbed a large part of a person’s professional life is a major life event. In many cases the psychological weight and impact of selling a business is on par with getting married, having a child, bankruptcy, loss of a job, or a divorce.

In the end game of deals there is almost always a crisis, an unintended consequence or an unexpected obstacle that threatens to kill the deal. In some deals the force threatening derailment is a personal issue the owner failed to work through before the sales process or in its early stages. The problems generated by these neglected personal issues can have an overblown or asymmetrical impact on the deal. Often times these personal drivers are camouflaged by and presented as some other business problem. In these situations, the buyer attacks the “supposed business problem” overcomes it and finds themselves no closer to a final deal. What happens at that point requires little or no explanation.

Even if the crisis is not the product of seller confusion or indecision, a crisp clear headed seller is always an asset at these moments.

“I do not literally paint that table, but the emotion it produces upon me.”

- Henri Matisse
A Seller Self Inventory Survey

An owner with a clear decisive mind is more likely to make a better deal. One of the best methods to personal clarity is a self survey. Needless to say, any survey or related tool is only as good as the owner’s candor and openness.

We often survey sellers with the questionnaire like the one below. If partners are involved we advise that each partner take a survey like the one below independently.

Do I Want To Sell My Business? If Yes, Why?

In our practice a big question is, does the owner or owners really want to sell. If the answer is a certain and solid yes, a question of nearly equivalent importance is why. Clearly there are many reasons why a seller wants to sell. Is it useful to weigh each reasons contribution to the overall decision? We think it is.

Is a pie chart parsing influences on an owners going a little too far? Is it over the top? Maybe. A good question is; would a seller who had this kind of clarity about their motivations be a more centered more empowered seller? Would this seller have a better, clearer lens through which to view so many of the issues involved in a sale?

Do I really want to sell my business? (If yes, how motivated am I on a scale of 1 to 10 to sell.)

1. Specifically, why do I want to sell the business?
2. How do my partner(s) feel about selling? What are their specific concerns?
3. How closely does my partners’ view of selling reflect my own?
4. How would I feel if I had to manage my business for the next five years?
5. How would I feel if for whatever reason I couldn’t sell my business?
6. How does the thought of selling my business make me feel?
7. How does the sale of my business fit into my vision of my future?
8. Does my business still excite and exhilarate me?
9. Can I clearly envision specific endeavors beyond my business that excite me?
Salability

10. Do I believe the business can be sold in its current composition and condition? If yes, why?

Here are a few supplemental and supporting questions that are typically helpful in supporting an answer to the question above.

- Is the business scalable?
- Do revenue, cash flow and profit histories support attractive future projections?
- Is the talent and skill needed to run and grow the business to centered one or a few indispensable key players?
- Are legal, regulatory or market forces casting a shadow of prohibitive risk over the business?
- Is the business so cyclical that the value of the business is almost completely about its fixed assets and not projections of its future performance?
- Does the disagreement of partners on key issues make a transaction prohibitively difficult?
- Is my business large enough to sell or to sell profitably given the space it’s in?
- Have other businesses in my space been sold?
- If other acquisitions have been made in my space, what were the circumstances?
- What aspects of my business make it difficult to sell? Can these circumstances and conditions be significantly altered or improved?

Timing

11. Is now a good time to sell the business given its growth trajectory and the macro forces in my market and the economy at large?
12. Have significant competitors sold in the last three to five years? If yes, how does this affect the salability of my business? Has this influenced my decision?
13. If partners exist, do my partners and I agree with timing issues related to the business?
14. If current financial trends continue, would the business’s valuation increase substantially over the next three years? If yes, how does this affect the timing of the sale of the business?
15. Is the business facing changes and challenges that make a sale ill advised at this time?

Transactional Issues

16. Can I list with great specificity my key objectives for the sale?
17. Can I list with great specificity my deal killers?
18. Am I looking to sell 100% of the equity? A majority share? A minority share?
19. Do I have a clear vision of how I want to see a deal for the sale of my business structured?
20. How important is the continuity of the business to me after the sale?
21. Do I want to stay involved in the business?
22. Do I understand the tax implications of a sale?

**What Is The Business Worth?**

23. What do I think the business is worth?
24. How did I arrive at this number?
25. Has the business gone through an objective, third party valuation? If yes, how do I feel about it?
26. What can I do within the timetable I’ve established for the sale of my business to increase the valuation?

**What About Stakeholders**

27. Aside from yourself and equity partners, who in order of priority and significance are your primary stakeholders?
28. How concerned am I about the impact of a potential sale on these stakeholders?

**Inventory of Fears Doubts Concerns & Apprehensions**

29. What are my three greatest fears when I think of selling the business?
30. Am I uncertain about my post sale future? If yes, is my uncertainty about my post sale life skewing how I feel about selling my business?
31. Is the process if selling significantly inhibiting my desire to sell?

This survey is in no way comprehensive. It’s merely an example of how a self inventory on key issues can be very valuable to a business owner and those who are asked to facilitate a sale.
Valuation: What Is the Business Worth

The valuation process is fraught with consequence for the sale or failure to sell a business. It’s the valley from which so many deals either emerge and close or simply die. Valuation is part craft, part science and part intuition. It’s the marriage of hard data, personal perspective, experience, and yes prejudice and all variety of abstractions. In short, valuation is the cornerstone of price.

Three Simple Valuation Cautions

Exit Strategies is not in the valuation business. We offer three simple cautions because we encounter them often and find that they undermine and shape seller perceptions of both valuation and price.

Caution 1: The Belief & Need Method of Valuation

If you have a convoluted sense of your company’s worth, you’ll have a convoluted sales process that no level of preparation can overcome or compensate for. If the valuation is seriously wrong and the pricing is based on it, the deal will in all likelihood never take form much less close.

Ironically valuing your business based on your needs or perceived needs is both an irrelevant and completely relevant factor when it comes to selling your business. It’s completely relevant in the sense that if you can’t get even close to what you need from a sale, your decision about selling has probably been made for you. Of course your needs are largely irrelevant to the real objective valuation of your business and the resulting price.

Caution 2: Beware of Short Cuts & Comparisons

Beware of informal or rule of thumb standards for valuation in your space. These benchmark standards can be figured into the valuation process but they should not supplant an in-depth business assessment specific to your business.

Comparisons play a dominate role in real estate pricing. Comparisons are far less useful in most business valuation and pricing endeavors. Mid market business’s are like fingerprints, they don’t lend themselves to the classic apples to apples analysis. The reasons for this are many and varied and for the most part obvious. The sale of businesses somewhat comparable to yours should be factored into the valuation process along with copious amounts of other data. In
most cases the most significant take away from the sale of a comparable business is that it was sold at all.

Caution 3: Understanding Objectivity

The word objectivity suggests no vested interest in the valuation outcome. The word objectivity may also imply a uniformity of method, approach and opinion. In other words, three independent “objective” evaluations by equally qualified appraisers of the same business at the same time should yield a very similar outcome. This is not necessarily so and is a misunderstanding of objectivity in valuation. The fact is that the valuation of a business is not a strictly mathematical or scientific process. One appraiser can have conscientious and defensible differences in their view of many valuation issues from other appraisers. Objectivity does not require uniformity of method or perspective.

A good valuation will have a robust and well developed rationale for the ultimate determinations it makes regarding value. You need to determine how sympathetic you are to the rationale. Your agreement with the rationale should not be driven by how much you like the ultimate number but rather the logic that underpins the number.

It’s also helpful to realize that a valuation is not a static or permanent assessment. The value of a business can change and will almost certainly change even during the sales process from the generation of interest to the moment of closing. Changes in value and valuation are subject to so many different factors. Even how one approaches the process of selling their business can impact value.

“I think objectivity is like this strange myth that people think you’re supposed to achieve, but actually, the dirty little secret is that it’s not attainable any more than pure justice is attainable by the courts.”

- Sebastian Junger
Salability

The notion that value is the sole driver of salability is wrong. In some extreme cases value and salability are so divergent they seem unrelated. Of course value and salability are related, but they are two separate issues.

For the purposes of our discussion salability is defined as the ability to sell the future operations of a business and the financial results of those operations on a basis favorable enough to the owner to justify the transaction. What we are not talking about is unbolting everything that underpins present value; receivables, patents/copyrights/formulas, transferable sales contracts, buildings, vehicles, machines and selling them in a formal version of a garage sale.

Some types of businesses are clearly sellable simply because they are being sold. In some cases sales are happening everywhere and the space is hot. In other cases more or less on the other end of the spectrum a business valuation needs to address the fundamental question, can this business even be sold?

The notion that a profitable and growing business is not particularly saleable is difficult, very difficult for some owners to understand. This does not stem from a lack of intelligence or business acumen, but from a fatally one sided or skewed perspective.

If a business is not very saleable it’s good for an owner to know this sooner than later. A capital extraction strategy may need to take the place of a sale. Perhaps a strategy to effectively leave the business while still owning it is in order.

Considering salability is a very useful exercise because it short circuits the assumption that one can always sell. It’s a keen reminder that for a sale to occur you must have not only a willing seller, but a willing and resourced buyer.
Your Price

When you listen to an owner talk about price you quickly get a sense of whether they’re likely to be their own worst enemy. In our experience, how an owner views pricing their business is a valuable window on their overall business philosophy and mentality.

Clearly there are infinite variations on a theme when it comes to how owners approach the issue of pricing. The following represents three very common owner approaches to pricing we most often encounter.

Magic Number Pricing

The magic number owner has a number that’s magic because it doesn’t rely on the laws of valuation, nature or anything else. There is no common source for magic numbers. They come from sources ranging from owner imagination to a kind of proprietary algorithm to an adaptation of fairly common and accepted criteria and ratios. It’s not that the magic number is always outrageous or unworkable; it’s simply that the number comes from places unknown and is not tethered to anything concrete enough to be called objective analysis. Magic number pricing has some positive attributes. One is that it’s clear and unambiguous. Another benefit is that it often simplifies the next step. In many instances it’s very clear that a seller has to grow into their “magic number”.

Formula Driven Pricing

Formula driven pricing is as straightforward as a pricing strategy comes. An owner accepts a multiple range and a generally accepted reasonable path to EBITDA and operates within it. That’s not to say that there aren’t arguable variants when it comes to components of the formula. An example would be how EBITDA is arrived at in a multiple of EBITDA pricing formula. They may look for the upward range of a multiple but they’re still operating within a definable, generally accepted context.

If an owner is formula driven and can’t get to an acceptable number on the formula path, they should either radically reengineer their approach to pricing, take the FOR SALE sign down or never put it up in the first place. Because the formula driven model is straightforward it often allows a seller to back into timing decisions that are economically sound.
A Few Basic Observations on Pricing

Some of these observations may seem insultingly obvious but in our experience they’re still worthy of mention.

I. The price you need to justify selling and market worth of your business may be very, very different.

II. Timing isn’t everything but it sure is important. A business may be growing toward the number an owner is looking for and of course the opposite can also be true.

III. If an owner gets an offer they deem insultingly low we advise them to resist throwing the prospective buyer out and to try to understand how the offer was arrived at. What was the rationale behind the number? Some of what you learn may be incredibly valuable in the present or future negotiation.

Formula Plus Premium Pricing

In this perception of pricing an owner often embraces a formula but they believe there is something about their business that warrants a premium. It might be a proprietary advantage, a compelling growth trajectory, a geographical advantage, etc… Whatever it is, the owner sees a pricing X factor.

In our experience if an owner believes their business warrants a premium they should be able to describe what a premium buyer looks like. If they can’t it’s often a sign that the “premium” they perceive is more a figment of imagination or emotion than a reality. Sellers often confuse what they like about their business with a price boosting premium. It’s not hard to understand why. That said, if a seller can attach some hard numbers to the premium they’re describing they have a much better chance of translating it into something a buyer would be willing to pay more for.
A Stakeholder Analysis

Most stakeholders are stakeholders whether you choose to acknowledge them or not. When it comes to stakeholders there are usually three groups. One group are those who must be recognized and accommodated in order for a deal to happen. The second group is the owner/owners that feel they are stakeholders and should be recognized in some way. The third group may be deemed stakeholders but the owner feels they deserve no particular treatment in a deal.

Some owners see themselves not only representing themselves in a sales process but also those they deem as stakeholders. Other owners would hang their own mother out to dry in a deal. A seller should be clear about stakeholders and how they view each of them.

Who are stakeholders in the sale of your business?

In the broadest sense the stakeholder list could be very long ranging from family members to key non equity employees, large customers, strategic partners, vendors, labor groups, regulatory agencies...

How does an owner feel about how stakeholders will be impacted by a sale? This is of course a highly individual question. An owner confused and conflicted on stakeholder issues is an impaired seller. This impairment will often manifest itself in predictable and unpredictable ways. In business as in life no one is an island. Organizing a stakeholder view and resultant plan is a key to dressing up for the dance.

Building a Stakeholder Schema

You don’t have to make an exhaustive study of Edward Freeman’s writings on “stakeholder theory” in order to organize your preparation of a stakeholder viewpoint and plan. You and your equity partners, if you have them, need to think through stakeholder issues. Addressing stakeholder issues is essential to dressing up for the dance. You can’t arrive at a really solid, stable and durable terms of sale proposition without having thought through stakeholder issues.
Building even a primitive stakeholder schema and committing it to writing would put you far ahead of most owners when approaching the process of selling their business.

The following represents a simple organizational paradigm for stakeholders.

**Cockpit Stakeholders**

Definition: Cockpit stakeholders who are so organic to a deal that they transcend how an owner views them. These are stakeholders who are critical to a deal. In effect without these stakeholders signing on literally or figuratively the deal won’t happen. This class of stakeholders can be key non equity employees, large customers, strategic partners, vendors, labor groups, regulatory agencies...

- Who are my Cockpit Stakeholders?
- What does each of these stakeholders need from a deal to approve it or let it happen?
- How will a prospective buyer view these stakeholders?

**First Class Stakeholders**

Definition: First class stakeholders may not have the power to kill a deal, but the owner or the buyer sees either an ethical or practical need to recognize them and take care of them in some way.

- How do I view each of these First Class Stakeholders?
- How can this First Class Stakeholder be an asset in the sales process?
- How could this First Class Stakeholder be a liability in the sales process?

**Coach Stakeholders**

Definition: Coach Stakeholders are not necessarily directly or even abstractly critical to the sale of your business. Many of them may be more like spectators than stakeholders. This group may include creditors or customers or even vendors. Owners may feel ethically or emotionally connected to some Coach Stakeholders and as result they may choose to recognize them in some way.

Selling a business is not just about price, it’s about people. The statement sounds terribly cliché but it’s none the less worth remembering. Building even a primitive stakeholder schema will give you much greater clarity around the human dimension of the transaction you’re contemplating.
Profiling the Ideal Buyer

How would you describe the ideal buyer for your business? We often ask business owners this question and we’re often astonished by the long painful silence that follows. What is an ideal buyer? There is no definitive answer to the question. Each owner/seller needs to answer that question for themselves.

Who is the prime buyer for your business? The answer should be more than a cliché reply like “someone with a very large check and a willingness to sign it”. Despite the appealing simplicity of answers like this, they’re not helpful. Why should you define your ideal buyer? Here are three reasons:

I. Ideal buyers tend to pay more, in some cases considerably more
II. Ideal buyers tend to be more in alignment with the non monetary terms and conditions you’re seeking
III. Ideal buyers have a higher closing percentage, it’s that simple! Generally an ideal buyer profile is more than worth the time and effort it takes to identify them.

Building Your Ideal Buyer Profile

Every seller is distinctive so every ideal buyer will be distinctive. Clearly a few basic considerations should be manifest on all ideal buyer lists. They include but aren’t limited to the following.

Ethical Considerations

Let’s start with a meditation on the obvious. Most sellers want to sell to someone they can trust. For them the prime buyer is a buyer they trust not just intuitively but because they’ve been given reason to trust them. So let’s say for the majority of sellers the prime buyer is ethical, fair minded and fundamentally descent.

Resources

The vast majority of sellers would list the financial resources needed to consummate a transaction as a given. Some sellers would argue that a buyer who has to “do a raise” to fund a transaction is not a buyer at all. At Exit Strategies we only work with clients who have the capital or access to the capital needed to finalize a transaction. If you’re a seller, the question of capital resources is one you should raise very clearly and very early.
Fit

The prime buyer doesn’t just like your business; they’re looking for your business or your type of business. They probably understand your business well. They may be in your business or a closely related business. Generally your business represents a smaller risk profile to the ideal buyer than other buyers. They have a comfort level with your business or at least your type of business. This comfort level doesn’t translate into a sloppy approach to acquisition, but it does mean they’re less likely to lose their sense of practical proportion, less likely to get confused by certain issues.

If you have a legitimate component(s) of your business that creates a pricing premium a prime buyer will see it, value it and may have better ideas than you about how to leverage it. Prime buyers will understand the nuances of your business and although it may not directly drive price, it will no doubt solidify their confidence and confidence always underpins premium pricing. Of course the other edge of this sword is that familiarity with your type of business will make negative nuances jump out at them, their olfactory sensitivities will be heightened in both positive and negative ways.

Motivation

Buying a business is such a demanding and challenging process that it’s hard to imagine an unmotivated buyer. An ideal buyer is moved by more than the numbers or pressing need to deploy capital. They have a vision and your business fits into it.

Setting the Record Straight On Private Equity

Many business owners we talk to have a vision of private equity that’s not fair or accurate. Many owners look at private equities as genetically wired to be predatory. We deal with many private equity clients. We don’t as a matter of policy work with predatory players. We have no interest in being co-conspirators in the theft of a business. It goes without saying that every large community has bad apples. That said, most private equities are smart savvy negotiators looking for good deals but don’t define their success by your failure. Many private equity players would like everyone to feel served by a deal. In point of fact, they view this sense of mutual benefit to be an objective because it’s critical to the ultimate profitability of the deal. Many private equity deals work to enfranchise the seller in the continuous development of the business, not cast them into a roadside ditch. The bottom line is simple and apart from ethical considerations, it’s difficult if not impossible to steal a very profitable business. It should be noted as a caveat to this characterization is we do see more predatory players in the distressed business market. The reason for this is obvious and in need of little explanation. Desperation creates its own peculiar variety of opportunity; enough said.
Wear a Pair of Buyers Glasses

A prospective buyer does not have the emotional connection to the business you do. This emotional connection is an asset and a liability. The buyer simply doesn’t possess it. The buyer doesn’t have the instinctual feel or grasp of the nuances of the business that you do. This level of awareness doesn’t exist in the vast majority of potential buyers. A strategic buyer already operating in your space will have greater insights and sharper sensitivities; but at the end of the day they simply don’t know your business the way you do. Even with great due diligence the fact is the buyer of your business will spend an enormous sum of money; take on considerable risk and exposure without ever knowing your business the way you do. The point is if you absorb this truth, it will intensify your appreciation for the challenge faced by a buyer and it will alter or maybe even transform how you present your company and its issues to a buyer. This recognition is part of a process we call wearing a buyers glasses. Your ability to achieve some level of empathetic positioning is not about being generous or congenial; it’s really about getting the best deal possible. If for instance you get a request for some specific data from a potential buyer it might be helpful if you can envision why they want it and what they’re trying to achieve, where they’re headed and where they want to wind up. If you have a buyer’s pair of glasses handy, you may be able to better comprehend some of these points and respond more effectively. Then there is the request for data that’s already been supplied in three other ways. You didn’t understand the significance of the data when you provided it on the prior occasions and you don’t understand it now. Wearing a buyers glasses can at the very least help you see the grind of due diligence differently. You may see the sometimes illogical due diligence requests not as a personal affront but and indelicate, imprecise effort to get to an understandably desirable level of comfort.

The Great Buyer/Seller Divide

The world view of the seller and buyer are fundamentally different in so many ways. Here are a few examples of how buyers and sellers simply see the world differently.

“\textit{If you’re looking for a buyer who sees your business exactly the way you do, stop! Stop!}”

- Mark Wagner
CEO/Cofounder, Exit Strategies
Risk

The seller is in the process of shedding risk and the buyer is in the process of assuming new risk. This simple fact alone makes the seller and buyers view of risk fundamentally irreconcilable. The buyer’s assumption of risk creates an inherent conservatism, a natural appetite for indemnification and mitigation.

Intuition/Assumptions

A seller may see a path for dramatic future growth in the business that the buyer dismisses as an unsubstantiated assumption. Neither assumption is wrong. They are for the most part simply the product of differing perspectives.

Relationships

Suppose a business owner has a customer that represents twenty five percent of his business’s total volume. He’s had the customer for nine years. He and the customer have attended the wedding of each other’s children and they play tennis together on a regular basis. The owner sees this relationship primarily in terms of its asset value. The buyer who doesn’t even like tennis primarily sees customer concentration risk.

It Doesn’t Have To Be an Adversarial Process

Many sellers adopt the belief that the prospective buyer is looking to steal their company and leave them battered and broken. Are there predatory buyers in the marketplace? Of course, but the assumption that all buyers assume this state of mind is dangerously wrong minded. The sale and purchase of a company does not require that one party be a loser. This is not naive idyllic thinking. It’s a fact.

Although the sale and purchase of a business need not be an adversarial process, there are many natural forces that can quickly turn it into one. Selling and buying a business is inherently stressful. Some of this stress is caused by what we call the great, natural divide between buyer and seller. The divide can be bridged. A big factor in doing so is empathy. Trying to better understand the world view of the other party can be enormously helpful. We find that sellers can be quick to draw negative conclusions and take things personally that they shouldn’t. While at the same time buyers, many of whom have been through the process many times develop a

“\[quote\\text{I have found no greater satisfaction than achieving success through honest dealing and strict adherence to the view that, for you to gain, those you deal with should gain as well.}\\text{– Alan Greenspan}\]"
“tin ear”. They just don’t hear how they sound to a hard driving, independently minded seller justifiably proud of what they’ve built.

It might be useful to imagine yourself a buyer especially if you’ve never bought a business. Select a company not your own, and think about how you would approach the purchase. You’ve built a business now think about how you would buy one. Think about how you would assess and value the business. How would you assess the risk in the business? This type of exercise might be useful in helping you to bridge the great divide between you and the buyer. The divide between though inherently wide, can be traversed. The absolute evidence of this is simple, deals are being done. Many of them are good deals. Case closed.

**Better Understanding the Buyers World: A Case In Point**

During the due diligence process, sellers tend to view buyers as professional torturers. Many a seller has recoiled in disgust and anger over the nearly endless requests for data. Some of these requests seem wholly irrelevant or often agonizingly redundant in light of prior requests. The due diligence process is without question taxing and exasperating to sellers but a good deal of the negative emotion they experience is rooted in an inability to look at the transaction through the buyers glasses.

The reality is that the head of the buyer’s acquisition team is generally not a wholly independent sovereign over the funds they’re investing. They face their own due diligence process and sometimes brutal interrogations from partners, boards, banks, fund managers, investors and underwriters. In these meetings the answer “I don’t know” or “I haven’t looked at that” is not met with patient smiles.

This is one of countless examples of how both parties in a transaction can and do often fail to view the other party’s perspective. Failure to empathize often breeds failure of trust and breach of trust kill as many or more deals than the numbers.
Engaging a Band

You don’t sell a business in a vacuum. It’s hard to have a dance without a band or at least a DJ. The investment bank/auction route has become the common road taken by sellers. This is a good path for certain companies. An emerging problem in mergers and acquisitions in the middle market is that this path has become a de facto standard. The problem with this trend is that for many sellers it precludes other promising and productive alternatives.

Your business and the circumstances surrounding can point very decisively to the type of help you need to sell it. As with all very important endeavors getting the wrong assistance can be devastating. Bad advice can cost you a deal on favorable terms. Getting terrible advice in this area is not as rare as it should be.

Here are a few basic questions to ask when you’re considering who should be in your band:

- How difficult is my type of business to sell?
- What do I know about how other businesses in my space have been sold?
- What experience have I had in selling a business?
- How experienced is my accounting firm at supporting the process of selling a business?
- How experienced is my law firm at supporting the process of selling a business?
- Do I have advisors or members of my top management team with experience in the process of selling a business?
- How do I want to manage the issue of confidentiality

“No man is an island.”
- John Donne
English Poet
Some Paths to the Sale

The problem with selling middle market businesses is that an established orthodoxy exists. Owners have subscribed to the notion that there is really one way or a way to sell a business; the investment banking option. This one dimensional thinking can become a costly misconception. Here are a few of the viable paths to sale.

Investment Bank/Auction Path

Investment banks have a critical role in some deals. In other deals they represent one of a number of options and in others they may not be the right path at all. The problem in the middle market is that to a significant degree the investment banking path has become the de facto standard, the way to go.

The success of an investment banking selling effort is heavily dictated by the company being sold, the market, timing and the quality of the investment banks effort. We often encounter failed investment banking efforts as well as successful initiatives.

Because investment banks work on significant upfront fees as well as success fees, they often have little or no risk and no incentive for turning away any client as long as their check clears.

Interestingly we’re often engaged by sellers because there is no fee and little risk. All the while these sellers have investment banking as a back pocket option. In the vast majority of cases these clients never get to the investment bank option because like most quality buy side consultants we don’t engage a seller if we can’t achieve comparable or better results than an investment banking or auction process.

The Auction Process

The auction process like the investment banks that often initiate and manage them is a great process for some sellers and not for others. There is a commonly held notion that auctions always create upward pressure and the price of enterprise. This like most generalizations is flawed.

The auction process might be likened to a shot gun. Whereas the search of a buy side consultancy like Exit Strategies is more like a sniper rifle. Both the shot gun and the sniper rifle have their uses depending entirely upon the situation and the target.
Strategic Acquisition

To be purchased by a company in your specific market place is a distinctive selling experience. If the word distinctive sounds non-descript and neutral that was the intention. What we want to communicate without prejudice is that selling to a strategic acquirer has a character all of its own. Exit Strategies does a significant amount of strategic acquisition work.

If you’re deeply interested in your company’s unique DNA being preserved in the marketplace after an acquisition, it’s generally more unlikely to be achieved with a strategic acquisition. In the majority of cases strategic buyers are more interested in pumping more air into their own brand, not yours.

Buy Side Consultancies

Buy side consultants are focused on sourcing or originating deals and are paid by the buyer either by retainer or success fee (fee generated by a closed deal) or both. The buy side consultancy space is confusing. The buy side consultancy space is full of lawyers, accountants and other consultants who are “one off players”, who don’t create a pipeline of originated deals but who leverage individual opportunities they may have access to.

There are only a handful of buy side consultancies whose primary or only business focus is originating and supporting the closure of deals. Some of these consultancies focus almost exclusively on sourcing a deal in affect creating a hand shake.

Exit Strategies is a buy side consultancy that actually engages potential sellers even before they formally begin the sales process. We support potential sellers in their dressing up process. It’s not unusual for us to engage a future seller two or three years before they’re ready to initiate the actual process. When the seller is prepared to initiate the process of selling we originate or source the deal. We then actively support the deal process.

An Odd Feature of the Buy Side Consultancy

A time honored and logical business precept is that a party ultimately should and does represent the interests of the party that pays them. The dynamics of successful buy side firms represent a real departure from this basic and widely accepted truth. Exit Strategies is a buy side firm; we’re paid by the buyer. None the less we’ve found that robustly representing seller interests is essential to positive deal outcomes and the benefit of all parties to the transaction. Oddly most of our private equity/investor clients recognize and embrace this reality.

Exit Strategies is one of the few pre-origination, originators in the US mid market space. That is to say we support some owners when they’re only potential sellers. We work with them for one, two or three years all the way to their decision to sell and then all the way to deal resolution.
supporting both buyer and seller until there is a resolution. This full spectrum approach is ideal for sellers who are seeking an alternative to the expensive and generally very public auction oriented path to a sale.

The buy side consultancy is not right or ideal for all potential sellers nor is the investment banking route. The choice made by a seller is predicated by circumstance and preference. If a seller wants to engage a buy side consultancy we believe it’s important to understand exactly what role the consultancy will play. If for instance a seller is looking for pre origination and positioning support, actual origination and then assistance all the way to resolution, this should be clearly stated as an expectation. Very few buy side consultancies are prepared to provide this “full spectrum” solution.
A Recommendation

Select a trusted advisor, confidant, professional listener who cares about you and who you trust. This person needs to be and stay outside your business and your efforts to sell it. They should have business experience, ideally being a business owner themselves.

This person needs to be able to empathize without the skewed perspective that involvement in the business or transaction inevitably brings. You need someone who is not a stakeholder, someone you can talk to without having to calculate the implications of what you say on the business or the deal.

The Value of an Uninvolved Advisor Who Knows You Well

I remember hearing a story about a business owner engaged in selling his substantial home health care business. He was smart beyond smart and intense, a gifted and driven negotiator in pursuit of the perfect deal. The sales process had slowed down and gotten mired down as they almost always do.

He called a friend who was no stranger to the stresses of a big sale and who the owner had known for decades. After a long cathartic monologue outlining his deep frustration with the all too numerous impediments to perfection in the deal, his friend who knew him well after a long pause made a simple statement; “Stewy you don’t need to pitch a perfect game, just a winning one. “ Although he wasn’t much of a baseball fan he got the point. The deal closed. The owner told his friend that that simple piece of advice was among the best pieces of advice he received on the transaction.
Dressing Up: An Outline of Potential Considerations

Once you and your partners have surveyed your thoughts and feelings about your business and selling it, dressing up the business for the dance may be in order.

Creating a Narrative

Your business is more than a balance sheet, a product or service. If you can’t tell your business story in a brief, cohesive, concise, authentic and compelling manner, you’re not ready to sell your business. Most buyers are well served and eager to understand the business they’re buying not just as a loose assemblage of parts, but as a whole enterprise. Smart money looks for context and connectivity when assessing a business. A business narrative provides the easel upon which the full portrait of your business can rest.

Here are a few elements that often contribute to a good narrative:

- Why was the business started? What was the founding vision of the business and what is it now?
- When was it started?
- What was the state of the market when the business was founded? What is it now? What do you believe it will be in the future?
- Who founded the business?
- How were founding assumptions confirmed or proven false?
- What’s failed and what’s succeeded? Why?
- How, when and why did the business get traction?
- A brief history of the market the business is in, and a vision for where it’s going
- How is the business positioned to leverage the direction of the market?
- What’s wrong with the business and how can it be corrected
- What direction is the business moving in and why?
- What would a hungry, crazed young entrepreneur do with this business if they knew exactly what you know?
- Why an investor may not want to buy the business
Telling the business’s story in a powerful, truthful and compelling manner is more important than most owners realize. The story frames and tends to coalesce into a unified whole, all the pieces of a business that the buyer will ultimately look at.

**A Few Preliminary Pre Sale Assessments**

**Momentum**

If your business has current momentum identify why, what generated it and how sustainable those forces may or may not be. If the business lacks momentum; why? What would it take to get the business to run at a higher RPM?

**Timing**

It’s often said in business and life that timing is everything. It’s not true. That said, it’s very very very important. If a business is profitable and not distressed and ownership is not driven by strong personal imperatives like ill health, divorce, terminal boredom; then timing a business sale can be enormously important to the financial results. Some good questions to ask are:

- What is the profit and value trajectory of my business look like?
- Based on current forecast able trends, what difference would a year or two make?
- How stable and predictable is my market space?
- What are the acquisition trends in my market space and how do they inform my sale?

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**Buyers with a Qualifying Checklist: An Observation**

Too often buyers start a conversation with a company by asking their pro forma, five to ten general standard qualifying questions within seconds of the initial handshake. We counsel our private equity clients against this opening gambit. It’s far better to ask questions like; tell me about your business? When did it start? How did you get into it? Tell me what you love about the business and what you don’t.

Professional buyers don’t want to waste time and they know what they’re looking for or at least they tend to know it when they see it. Even if this does occur, you’ll be well served by possessing a cohesive narrative for your business. You’ll be able to answer random disconnected questions about your business in a more effective, nuanced way if you possess a narrative framework for the business.

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“Hell is truth seen too late.”

- Thomas Hobbes, 
  *Leviathan*
Of course the obvious but often miscalculated timing issue is the time it takes to sell a business. If you start the selling process at the instant you correctly sense the business has reached its peak, you’ve probably lost your optimal window.

Another important truth is that many factors contribute to optimal timing for a sale, not just optimizing price. Sometimes the best time for an owner to sell a business is when they desperately want to sell for their own good reasons.

**The Premium Buyer Assessment**

Is there a premium buyer for the business? Do I have a clear understanding of what type of buyer might be more inclined to pay a premium for the business? If there is an identifiable premium buyer, how do I find and engage them?

**What’s Wrong With the Business?**

If you don’t have an iron clad grip on what’s wrong with your business, you’re not in a great position to sell it. Static or declining demand, low margins, declining margins, poor capitalization, bad cash flow, poor debt to earnings ratio, aging technology, weak reinvestment strategy, declining infrastructure, regulatory constraints or uncertainty, exposure to liability, current or pending litigation, difficulty in recruiting top talent or key skills, rapidly increasing cost of goods, intensifying competition, weakening demand, weak sales channels, a weak or failing partner or poorly performing key manager, weak marketing, dangerous customer concentration, poor customer retention, inability to optimize customer value, rapidly rising cost of sale, weak sales performance, poor sales force performance, bad location, compromised logistics… and the list goes on.

When it comes to specific weaknesses in your business it’s usually good to tell the prospective buyer before they tell you. This promotes trust and credibility. Generally this approach will pay dividends in ways you might least expect. When the buyer tells you about the problem, you will have lost some of your ability to shape and control the negative issues. The difference between discovering a negative in due diligence versus expecting to find it because of an earlier warning can be huge.

**Areas of the Business That Might Benefit from a Dress Up**

When you contemplate dressing your business up for a sale it’s best to start with a comprehensive view of the business. You might settle on one area of the business that deserves most of your attention and resources because it will best position the business for sale. But start with a sweeping view of the business. Below is a general inventory of major areas of the
business. Of course which area’s you list for your own review of your business is a function of your specific circumstances.

- Strategy/ Positioning
- Finance
- State of the Market
- Marketing
- Sales & Business Development
- Human Assets
- Operations
- R&D/Product & Service Development
- Legal
- Risk Management

Questions to Ask for Each Area of the Business You've Identified

In each area of your business you’ve decided to examine, ask yourself questions like these:

- What could be done in this area of the business to increase sustainability, efficiency and its contribution to the business’s profitability?
- Which initiatives that I’ve identified in this area present the lowest risk and highest probability of success?
- Which of these initiatives do I have the time to complete or get to the point where they’re contributing positively to the sale of the business?
- How do the initiatives I’ve identified as doable in this area stack up against doable initiatives in other areas of my business? When I view all the areas of my business, do any of these initiatives warrant being on my dress up list?

Building Your Dress Up List

Preparing a business for sale creates a unique and powerful discipline. Many business owners are surprised at what this comprehensive review of their business reveals. The number of high yield enhancements can be shocking and exciting. In these circumstances the ever present danger is taking on too much. We recommend taking a narrow view of what can be done; select those initiatives that have the highest probability of success and make the greatest contribution to the value and salability of the business.
Housekeeping Items

It’s a good idea to take a look at what we call housekeeping items in addition to profit building initiatives. These are typically I’s that need to be dotted and T’s that need to be crossed. In some cases some of these issues will need to be addressed in order to close a sale of the business. In other cases addressing some loose ends may not directly drive profit or the sale but might be advisable because they’re not expensive or time consuming but nonetheless project a better run, better managed business and present fewer distractions to the sale.

An example of some housekeeping items:

- Memorializing in written verbal agreements with key employees
- Expediting copyrights, trademarks and patents
- Formalizing key vendor agreements
- Extending critical leases
- Disposing of nuisance suits
- Formalizing job descriptions
- Fully documenting an operational process

A selective focus on housekeeping issues may pay dividends. This is especially true if you focus heavily on what the due diligence process of a buyer will probably require anyway.
A Runway Analysis

The tried and largely true adage that time is money may not apply when you’re engaged in dressing up for the dance. The time you have before a future transaction may be more finite and irreplaceable than money. Using the time you have before the proposed sale effectively has a number of extremely positive effects. First it can have a dramatic impact on the price and conditions you ultimately receive. It can also help to insure momentum leading up to the sale. Companies often stall while being purchased and this has been known to give more than a few buyers terminally cold feet. Positive engagement with the business also prevents an owner from being swallowed up by the process of selling the business. This state of mind may well pay dividends in a late stage issue negotiation.

The actual amount of runway time you’ll actually have is difficult to calculate unless you have a highly qualified buyer or two already hanging out in the wings. Still developing a basic notion about how long your runway may be is a worthwhile exercise.

Clearly if you’re targeting an eighteen month sale, a five year project may not be advisable.

Important Note

A runway analysis is designed to determine what can be done to improve the value of a company with varying spans of time or runway distances before the time a transaction is contemplated. It should be noted that not all initiatives result in enhanced value and a higher sales price. Even real improvements don’t always translate into a higher price.

Exit Strategies often works closely with a prospective seller to determine what initiatives will or will not translate to a higher price and what will simply add time and unjustified expense to an ultimate sale. Having the luxury of time does not inherently translate into added value. In some cases additional time actually diminishes value. The goal of a consultancy like Exit Strategies is to combine a seller’s knowledge of their business with our knowledge of what enhancements buyers are ready to write a bigger check for.

The following represents some runway lengths and a general sense of the kind of changes they make possible.
3 Month Runway

This is not really a runway; it’s more of a pre process, process. It may allow you to minimize some of the chaos and stress that’s awaiting you. At the very least, you may go into the process with a little momentum that may translate into some good things.

6 Month Runway

A six month runway allows you to document your business processes. You can organize some of the results from that new marketing campaign. You can implement some new cost saving initiatives and begin to untie some of those accounting tangles. It may not be enough time to initiate and finalize a key hire recruitment process with any hope of seeing positive initial results. Of course if you’re hiring a known heavy hitter in your space, the mere recruitment may score points with a buyer. Depending on your sales cycle you may be able to start meaningfully stoking your sales pipeline.

Six months is not enough time to do a lot of new things, but it does permit you to refine and package more attractively what you’ve already been doing.

12 Month Runway

A year provides opportunities for some substantive changes and projects. Certain improvements may not yield great bottom line results after a year, but it may be very apparent that the results are coming.

24 Month Runway

Two years is a meaningful runway. Given that a lot of worthwhile initiatives may be doable in twenty four months; your disciplined willingness to narrow your focus may be tested. Two years may allow for the deployment of initiatives along with a short but impressive track record of success.

36 Month Runway

Many businesses can look significantly different and even dramatically more attractive with a well used thirty six month runway. Weakness’ in process, staff, top management, production, procurement, accounting, capital management, sales, and marketing can not only be initiated, but also validated as successes in this period.

Some might conclude that three years is too long to be involved in positioning a business for sale. In the vast majority of cases these assumptions are simply wrong. At Exit Strategies we’ve had very productive collaborations with sellers who are three or more years away from the event.
Skillfully utilizing the runway available, you can have a dramatic impact on the price you may receive; the favorability of terms not to mention whether you actually succeed in selling at all.

**Running Up To the Sale**

Running up to the sale is about growing and strengthening the business right up to the moment when it’s not your business anymore. When you decide to sell, the universe doesn’t stop in anticipation of the sale; your business doesn’t stop either. Running up to the sale is about creating increased momentum and velocity and growth.

When potential buyers are looking to scale the business, which is more the rule than the exception in the private equity world, momentum is important. It’s harder to envision a business scaling when it’s stalling or slowing down. Maybe there is a scaling formula that hasn’t been deployed. Maybe it’s a good formula. Nonetheless a business appearing to drift or stall a little is not a great canvass for such a formula.

If the business is tightening and the sails are filling the impact on seller psychology and confidence is hard to calculate but it’s most certainly positive. Then there is the business that’s bleeding momentum and exhausted from the due diligence process. With one foot psychologically out the door the sale seems like the only real possibility or option that now exists. We call this the freeze frame syndrome.

The sad reality is that many businesses emerge from the sales process having not sold and having been materially weakened by the process. Each of these stories is unique but many, indeed most of them feature lost momentum as a common denominator.

“When you’re that successful, things have a momentum, and at a certain point you can’t really tell whether you have created the momentum or it’s creating you.”

- Annie Lennox
Suspended Animation: A Cautionary Note

Beware of freezing the business in anticipation of a sale. “Let’s put a hold on that, who knows what the buyer will want to do.” It’s a real problem when a seller makes this statement and doesn’t have a buyer. When a business enters into what can be a two year or more sales process and loses momentum all along the way it doesn’t bode well for the ultimate result. If you stop intensively managing and growing your business because you’ve slipped into selling mode, you’re doing a material disservice to the probability of selling your business successfully or selling it at the best price and terms possible.

An Example of Growing Momentum Up To the Close

A business has $8,000,000 in EBITDA when the owner decides to sell. He built a very strategic “dress up plan” and deploys it very effectively over eighteen months. The EBITDA grows to $9,000,000. The deal involves a seven times multiple. The momentum dividend is $7,000,000. It’s a good case for momentum, for running up to the sale.
Dressing Up Your Company: Developing a Plan

Getting dressed up for a dance is a time honored tradition. Planning what to wear well in advance is also not uncommon. Developing a written plan in advance of a sale or a capital event can be an incredibly powerful exercise. The discipline required to commit a plan to writing is invaluable as you look to a future sale. It’s difficult to recommend a pro forma structure for a Dress Up Plan. A good plan should meet some of the objectives listed below.

Dress Up Plan Outcomes & Objectives

- Identify assets that will impact on a sale
- Identify the liabilities that will impact on a sale
- Identify the specific, feasible initiatives that will have the highest probability of impacting the company’s value and price at the lowest risk
- Prioritize and select specific initiatives
- Create a clear action plan to animate the selected initiatives to enhance value
- Create clear, specific and highly quantifiable measures for the impact of initiatives

Dress Up Plan Recommendations

- The plan should take a brief look at the company’s history. This may seem like an odd component of a Dress Up Plan but it’s not. A brief look back will create valuable context for and point the way to initiatives that will enhance value.
- Clearly describe the current state of the business in specific terms. This description should include not only a financial analysis but operations, product/service offerings, marketing and sales, human assets including an assessment of top management, product development, competition, the state of the marketplace at large and the company’s current position in it.
- Create and prioritize a series of value building initiatives. Each initiative should be ranked by resources required, potential impact on value, associated risk etc… Select a handful of initiatives based on these criteria and develop an execution plan.

A Word of Caution

Don’t try to do too much! The key to this process is selectivity, feasibility and impact. The amount of time or runway you have leading up to a sale is a crucial factor that underpins your plan.

- It important to contemplate initiatives not only in terms of growth but liability and risk reduction. An initiative that significantly reduces your risk profile but doesn’t contribute
to the bottom line may have a key role to play in your plan and the ultimate sale of the business.

- If you have an advisory group that would advise you on a future sale it would be useful to get their advice on the plan. They may have important insights that might improve the plan.

When you have what seems like a balanced workable plan, ask yourself ‘what would happen to the company if you successfully implemented the plan but didn’t wind up selling the company?’ The intent should be to build a plan that ultimately makes your company stronger whether or not the company is ultimately sold.
**Summary**

A disquietingly high percentage of middle market companies fail to successfully sell despite the owner’s determination to do so. It’s even more disquieting to look at what happens to a business that attempts to sell for one to three years and fails. If all of the business weaknesses that prevented the sale persist and in some cases worsen, the business often loses momentum and the owner has lost focus having mentally left his business in some cases never quite able to fully return psychologically.

**The Secondary Benefits of Dressing Up For the Dance**

Dressing up for the dance, really dressing up involves work, a lot of work. That’s true. What if no one asks you to dance, what if you don’t wind up selling your business, what if no capital event occurs? What about all that time, effort, energy, resources and money? Those are good questions. The answer is simple and encouraging. If you’ve make the considerable effort of dressing up for the dance and you don’t dance, you don’t sell your company; the process if done competently will make the business better and more profitable moving forward. This statement is true in virtually every case.

What if before you dress up for the dance you have forty percent of your gross revenue coming from two huge customers? Two years later these two customers represent twenty five percent of your gross revenue. If for whatever reason you don’t sell your business, is your business better, stronger because of it?

Because of substantially improved accounting capabilities you’re able to do financial analysis you were incapable of doing before. If for whatever reason you don’t sell your business is your business better, stronger and ultimately more profitable because of it?

A careful analysis of your marketing has allowed you to discontinue poor return on investment marketing initiatives and intensify the more profitable initiatives. If for whatever reason you don’t sell your business, is your business better, stronger and ultimately more profitable because of it?

The dressing up process done well is a process almost guaranteed to yield value whether you sell or not. How’s that for a business proposition. You win whether you sell your business or not. It pays to dress up for the dance.
About Exit Strategies

If you’re the owner of a middle market business ready to initiate a capital event or contemplating one in the years to come you’ll benefit from a conversation with Exit Strategies.

Our Unique Value Proposition

Exit Strategies is a pre origination buy side deal originator. What that means is that we have the capacity and desire to work with companies before they become sellers. Ironically we love to engage a company’s ownership years before they become active sellers. The rationale is simple. The longer the runway up to a transaction the more value we as an organization can add. Our business rationale for this approach is simple. In our experience the more value we add the more likely we are to participate in a transaction if and when one occurs. Needless to say if you’re ready for a sale or a capital event we’re ready to talk!

Dressing Up For the Dance: The Exit Process

Fact Finding

Our engagement with an owner who is not yet a seller always begins with understanding that owner(s) and their company. The fact finding process begins with what we call the Exit Survey which is a fairly structured interview designed to ascertain:

- What type of transaction does the owner(s) envision and when
- What issues and initiatives should be examined preliminary to a transaction
- Is Exit Strategies well positioned to add value in the short or long term

Recommendations

If appropriate we will proceed to collaborate with you on the composition of a Dress Up For the Dance Plan. Our recommendations may be far reaching ranging from profiling core/ideal buyers, structural changes to financials, and human assets with a focus on top management, sales, marketing and business development.

Periodic Progress Reviews

Once we make recommendation we periodically follow up on progress and to assist in navigating changes in circumstances all with a view to being optimally prepared for the sale when the time comes.
Initiating the Sales Process

Although we don’t charge any consulting fees for our pre sale collaboration, if the interaction is involved and over a protracted period we do look for the courtesy of a first look and a period of exclusivity when you do initiate the sales process.

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