

## MERGERS & ACQUISITIONS

Collectively our team has been involved in the analysis and acquisition of more than 50 companies. As an independent third party we have a great deal of experience with mergers and acquisitions in a variety of areas.

### **DUE DILIGENCE SERVICES**

Representing the buyer we evaluate acquisitions from a sales & marketing as well as an operational perspective providing a well documented, thorough objective analysis of the business. This process often identifies opportunities and issues the purchaser was not previously aware of.

We apply our proprietary tools and processes in a manner designed to uncover opportunities and threats to the business for the benefit of the buyer. Ours is an independent critical analysis of the acquisition candidate designed to remove doubt and uncertainty for the buyer in the areas of finance, sales & marketing and operations.

Our clients find value in our work for the following reasons:

- **Third party unbiased view of the business.**
- **Experienced team** - over 50 transactions in the distribution, converting and manufacturing industries.
- **Timeliness and comprehensiveness of the report.** We are a focused resource that can complete a thorough report generally within 10 days of the site work.
- **Arms length team.** Having someone perform the due diligence who is not an immediate competitor causes the seller to be more willing to share information.
- **Analysis.** The diversity of our industry experience enables the business to be analyzed against industry operating and financial ratios.

## **ACQUISITION ANALYSIS**

Representing the seller we support organizations wanting to sell their business by applying our knowledge of what potential buyers are looking for in an acquisition. In many cases, this requires making some adjustments to the business in order to have the business performing at a level the purchaser will find valuable.

Once the business has been positioned to maximize the purchase price an offering memorandum is prepared and we begin to actively market the business.

Our objective, representing the seller is to position the company in the best light possible to achieve the premium over asset value (purchase price). As a beginning step we work with the seller in the following areas:

- We thoroughly analyze the business' strengths, weaknesses and financial performance over the past three years.
- We develop proforma financials for the current fiscal year, and the next fiscal year.
- We identify all add-backs that accrue to the buyer and restate the financial statements for the buyer.
- We develop a comprehensive Memorandum of Offering that describes history of the business, its products, market position, operational strengths and structure using the following outline.
  - Introduction
  - Investment Considerations
  - Market Analysis
  - Description of Business
  - Facilities

Each section of the Memorandum of Offering will be thoroughly researched and documented. Our intention here is to present the company in the best possible manner from a strategic and financial perspective. Potential buyers need to see the market strength of the company, its intrinsic value, and potential for growth over time.

## **ACQUISITION ASSIMILATION**

Representing the buyer we implement our post acquisition tool that ensures a smooth transition of the acquired organization into its new ownership with minimal disruption. Our assimilation checklist is designed to identify and document actions to close any gaps that may exist. We ensure:

- Financial controls and processes are implemented
- Balance sheet controls are implemented for areas such as accounts receivable and inventory
- Policies regarding capital expenditures, budgets and other policies are communicated and clearly understood by the acquired company
- All add-backs are acted on and the planned financial impact is achieved

## **MERGER PLANNING & IMPLEMENTATION**

In cases where the acquired companies are being merged into another business we work with our clients to develop implementation plans using a defined process to achieve expected results of the merger. The development of the merger plan includes the analysis and development of plans in the following areas;

- Communication plan
- Planning resources and organizational structure
- Sales territory alignments
- Sales compensation
- Customer service structure and business practices
- Supplier and product analysis and selection
- Terms and conditions of sale
- And many others

Collectively our team has experience in ten mergers offering our clients the benefits of our experience and processes through a very difficult time in any business. To organize the effort we apply:

- Proprietary tools and processes
- Project management software
- Flow charting where required