



Kerri Salls

This Way Out Group LLC

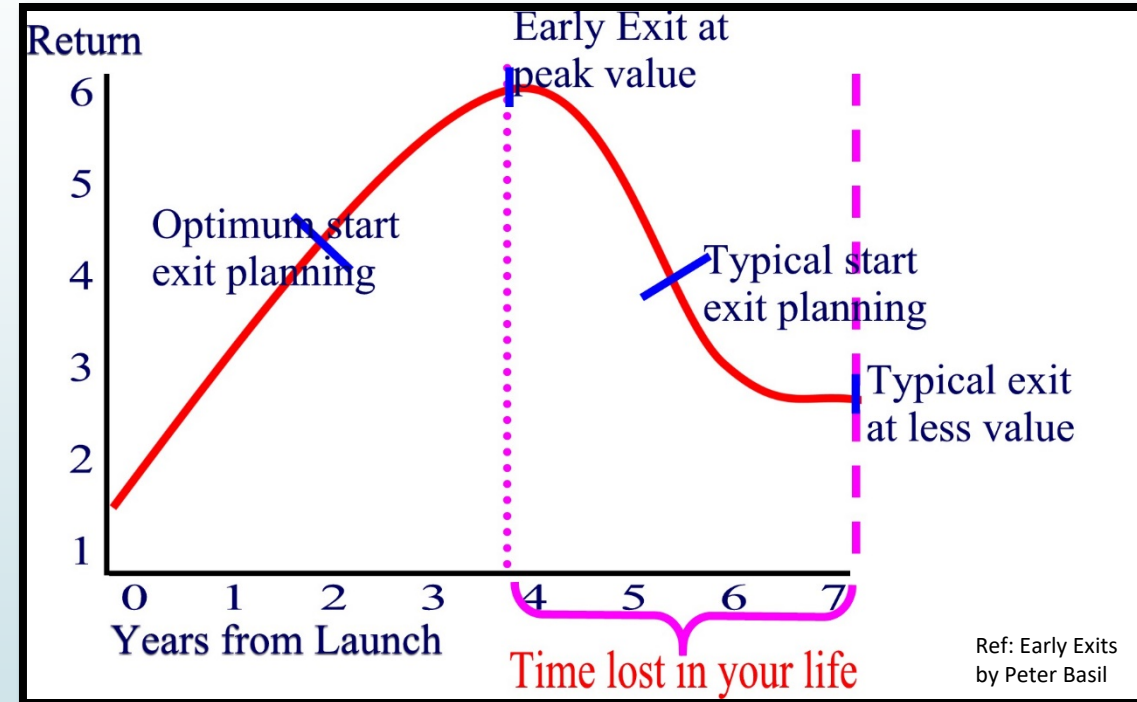
Preparing for M&A and Successful Exits

E-net

June 6, 2017

Early Planning & Preparation

- Operations
 - Professionalize the business to be buyer ready and buyer attractive
 - Implement and Document Systems, Procedures, Processes
 - Track and Measure everything
 - Clean Financials
 - Forward-looking Financials
 - Internal Due Diligence
 - Succession Planning
 - Placement
 - Professional Development



Governance and Finance

- ▶ Governance
 - ▶ Up to Date
 - ▶ Clean, Correct, Complete
 - ▶ Strong Corporate Veil
- ▶ People
 - ▶ Get the right people on the bus
 - ▶ Invest in advisors
- ▶ Finances
 - ▶ Prioritize Value (Reduce risk, Streamline expenses, Maximize revenue)
 - ▶ Build Cash flow
 - ▶ Make more money if you pay taxes



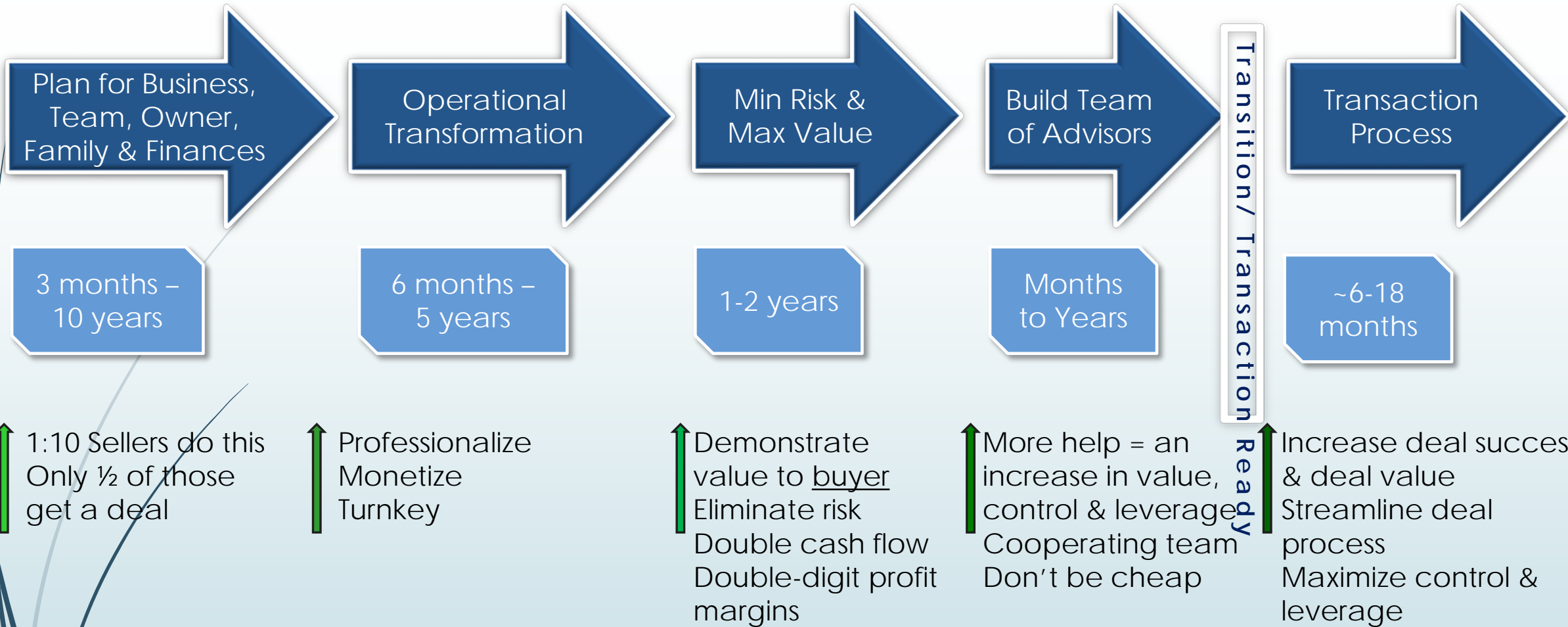


Leadership Team

- ▶ Management – ID the Gaps
 - ▶ Leadership
 - ▶ Succession/Transfer
 - ▶ Integration (people, systems, IT, security)
 - ▶ Contracts (management, staff, accounts)
- ▶ Contingencies and Chain of Command
 - ▶ 5Ds Death/Divorce/Disability/Disagreements/Departures
 - ▶ Buy/Sell Agreements
 - ▶ Ownership of equity vs. votes
 - ▶ Legal vs. “understanding”



5Ds



Pre-Transaction Timeline

Know Your Exit Criteria

- ▶ Define and document your criteria [business and personal]
- ▶ Share your criteria with all your advisors
- ▶ Share your plan with all stakeholders
- ▶ Share your plan with your family (early!)

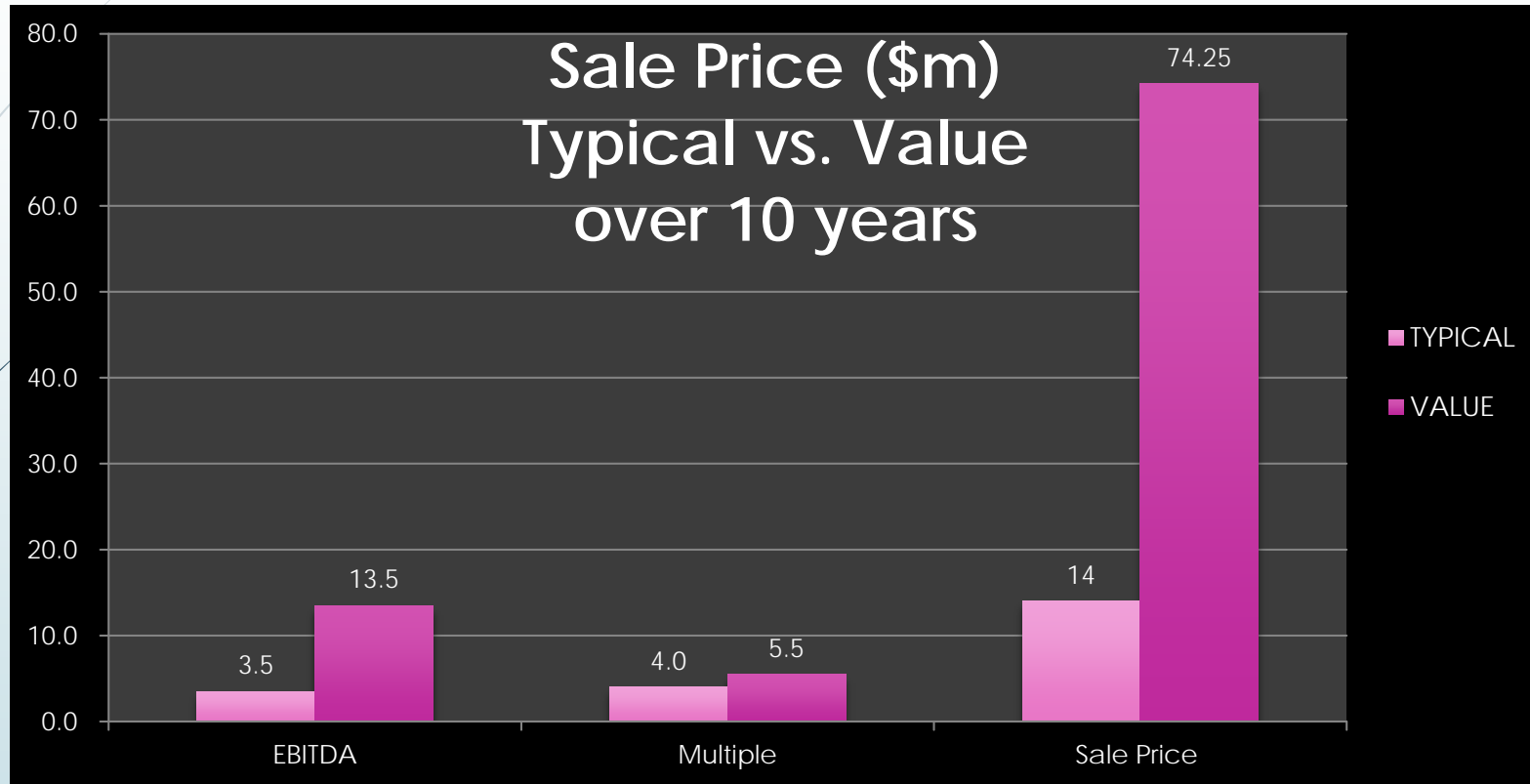
- Freedom
- Flexibility
- Control
- Wealth
- Liquidity
- Timeline
- Legacy
- Dynasty

Curb Appeal



- ▶ Year over Year build a stronger story
 - ▶ Uncover red flags and how you are fixing them
 - ▶ Revamp business model/business plan because of lessons learned
 - ▶ Fast growth, hitting your milestones, no coasting
 - ▶ Showcase stronger projections of perceived buyer opportunity
 - ▶ By Reducing risk and accelerating growth to maximize value
- ▶ Implement best practices for sustainability and scale-ability
 - ▶ Track and measure intangibles/goodwill to give them tangible value
- ▶ Demonstrate it's a turnkey operation without you
 - ▶ Take a 3 week vacation without your cell phone

What's the Impact?



Integrate Value Creation AND Exit Planning

	Typical	With Value Creation & Exit Planning	Difference
Revenue \$m	\$35.0	\$67.5	\$32.5
EBITDA \$m	\$3.5	\$13.5	\$10
Multiple	4.0	5.5	1.5
Sale Price \$m	\$14.0	\$74.25	\$60.25



THIS WAY OUT GROUP LLC



Kerri Salls

Kerri@ThisWayOutGroup.com

978.270.1524