



SECURING VALUE

M&A Questions & Discussion Topics


Facilitated by:

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Agenda - Consensus Questions

Introduction/Background

M&A Environment – If not now, when?


1. Is M&A dead?
 2. What do you look for timing-wise?
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Value and Value Drivers

3. What would be a typical multiplier of annual sales for a business particular business type?
 4. Do companies get more valuable as revenue increases?
 5. What is more important, revenue or gross profit?
Profit margins? What range are motivated buyers looking for?
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Consensus Questions

Value and Value Drivers

6. How do you determine the EBTDA multiplier?
 7. What would normal/reasonable multipliers be for a creative-based company like ours?
 8. What are the factors needed for increasing the Company's value?
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Consensus Questions

Value and Value Drivers

9. What would a buyer be looking for when considering a company like ours?
 10. How realistic is a sale or merger for a company like ours - \$1.5M - \$5M, small staff, relationship-based clients?
 11. What can we do today, to prepare our businesses to get the most in the future?
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Consensus Questions

Value and Value Drivers

12. Are there things we should be working on/looking at now to prepare for a future sale or merger?
 13. Should we merge with a competitor in another geographic area to increase value?
 14. What are the basic considerations for a company looking to acquire another for the first time?
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Consensus Questions

Value and Value Drivers

15. How to build, create valuable assets to help with the valuation?
I just started filing for patents but that is a long process.


Consensus Questions

M&A Process

16. What is the best way to deal with companies that are interested in us? We don't want to be off-putting but a lot of time is usually get wasted.
 17. Culture - Do you also help companies find the right company to merge with? Emphasis on the word "right"... we are Christians and some of our smaller competitors are not so above board and grounded in our same beliefs. That concerns me.
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Consensus Questions

M&A Process

18. What elements must be included in the due diligence process?
 19. Are there major red flags which would result in a definite no-go?
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Consensus Questions

Other

20. What makes for a good board of directors that really helps you exit profitably?
 21. As the buyer, what things must be in place before considering acquiring others?
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Consensus Questions

Structuring

22. Are there ways to structure a deal such that we can keep the Company in our family, or at least have managed by the next generation?



M&A Advisory - Procedures & Deliverables

Primary Merger & Acquisition Transaction Support and/or Financing Advisory

1. Sell side diligence - financial / quality of earnings, tax, operations, IT, etc.
2. Buy side diligence – financial / quality of earnings, tax, operations, IT, etc.
3. Development of projections and related forecasts.
4. Financial analyses and cash flow improvement.



M&A Advisory - Procedures & Deliverables

Primary Merger & Acquisition Transaction Support and/or Financing Advisory

5. Strategic, performance, profitability/EBITDA, and valuation maximization.
6. Introduction of alternative/potential financing and investment sources which might have an interest in discussions regarding an appropriate mutually beneficial transaction with the Company.
7. Intermediary representation & negotiations.



M&A Advisory - Procedures & Deliverables

Primary Merger & Acquisition Transaction Support and/or Financing Advisory

8. Preparation of Summary Information Document (“Summary”), Teaser, Confidential Information Memorandum (“CIM”), teaser, and/or any other pertinent information, as needed.
9. Preparation of preliminary Mutual Non-Disclosure Agreement (“NDA”), as needed.
10. Provide input as appropriate to facilitate and support any buy or sell process to achieve the strategic objectives.



M&A Advisory - Procedures & Deliverables

Primary Merger & Acquisition Transaction Support and/or Financing Advisory

11. Discuss or evaluate as appropriate objectives, timing, monetary consideration, economic factors, and other terms of any potential acquisition.
12. In cooperation with the Company and counsel, draft Expression of Interest (“EOI”) or Letter of Intent (“LOI”) as appropriate.
13. Facilitate any transaction process as appropriate.



Alternative/Secondary – Expanded Research, Search, Negotiations & Transaction Support

1. Research any alternative potential targets that may preliminarily fulfill the Company's strategic objectives.
2. Prioritize and summarize the potential (positive and negative) attributes of the top targets.
3. Draft communication (and potentially) supporting Summary to specifically agreed contacts of potential interested sellers.
4. Assist with evaluating all potential sellers and evaluate market pricing and alternatives, if and as appropriate.



Alternative/Secondary – Expanded Research, Search, Negotiations & Transaction Support

5. Support the Company in responding to information requests and responding to questions and follow up of potential sellers, buyers, investors, and/or financing sources.
6. Provide support in negotiations to include evaluation of any offers, financial structuring, including earnout, employment contracts, deal points, tax-advantage opportunities, and other M&A-related requirements, as appropriate.
7. Participate in meetings with potential buyers, sellers, attorneys, and other professionals that may occur, as needed, in support of the Company and to further the transaction process and acquisition.



Jim Davidson is Managing Director and Founder of Avant Advisory Group, a management consulting and operationally focused financial advisory firm that specializes in middle-market M&A. Jim is both a Certified Merger & Acquisitions Advisor (CM&AA) and Certified Merger & Acquisitions Professional (CM&AP). He has obtained CPA and Chartered Global Management Accountant certifications with multiple financial forensics specialization credentials. He assists with evaluating potential acquisitions. He is a Certified Fraud Examiner (CFE), Certified Board Advisor (CBA) and Certified Director. Finally, he is both a Certified Turnaround Professional and Certified Insolvency & Restructuring Advisor.



Avant Advisory Group is a premier, operationally focused-financial advisory and management consulting firm. With a focus on middle-market companies, we combine our financial and operating skills with senior level management experience to help clients identify value opportunities and implement improvements in cash flow, EBITDA, and profitability to secure and increase value for our clients.



I am here to help each of you to the best of my God-given abilities. One of my life purposes is to help God's people and especially His Kingdom companies. While each of the questions warrants answers unique to each owner/CEO/company, my goal is to provide some general responses that should benefit everyone.

And I'm willing return, if requested, to add even more color, examples, and discussion. Further, I'm happy to meet with you individually if that would be helpful in providing any perspective applicable and of value to your individual companies.



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