

### ***Are You Prepared?***

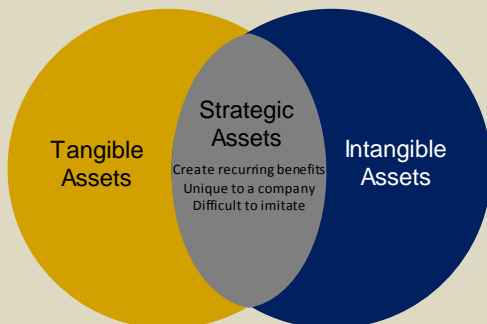
Whether selling your business now or in the future, the best offers occur when leaders are prepared, governance is sound, processes are optimized, and strategic assets are in place.

Additionally, knowing what the business is worth, having clean ownership of IP, tracking market conditions, assessing risks, fine-tuning marketing and sales methods, and addressing a myriad of other issues is all part of being prepared.

### ***Evolving Value Drivers***

High profile transactions such as Facebook's acquisition of WhatsApp, AT&T's purchase of DirectTV, and Campari's acquisition of Wild Turkey all demonstrated the high percentage of purchase price allotted to goodwill due to the sellers' **strong strategic asset value**.

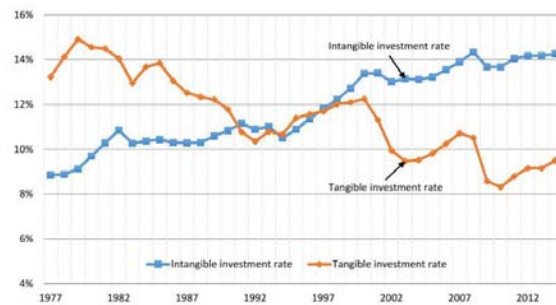
**Strategic assets** sit at the intersection of tangible and intangible assets and they create recurring benefits, are unique, and difficult to imitate. Such strategic assets can include intellectual property, customer relationships, proprietary business processes, and brand value.



Corporate buyers have begun placing more emphasis on strategic assets than on tangible assets. Resources applied to building a **robust set of strategic assets** is increasingly providing a higher return on investment than simply trying to maximize value by focusing solely on earnings growth.

### ***Rise in Intangible Assets***

Additional evidence of evolving value drivers is the steady rise in intangible asset investment over the last few decades along with a corresponding decline in tangible asset investment (e.g., plants, property, equipment, instrumentation, etc.).



From: Lev and Gu, "The End of Accounting and the Path Forward for Investors and Managers," 2016.

The process of creating and/or transforming existing capabilities into strategic assets can take time and is an integral part of Gates and Company's methodology to prepare businesses to sell for maximum value.

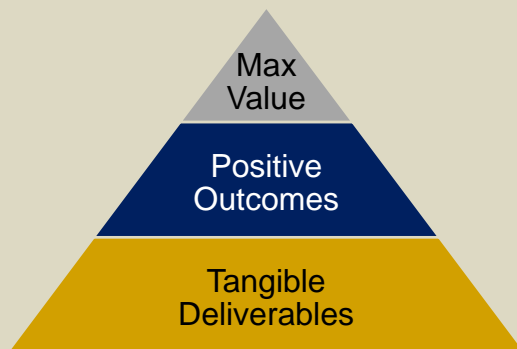
### ***How We Can Help***

Gates and Company's combination of investment banking and management consulting services is **truly unique**. Our consultants work hand-in-hand with our investment bankers to optimize corporate performance and position the business for a value-maximizing exit.

## Unique Solution

Gates and Company's corporate tune-up includes the following key elements:

- **Goal setting** – define objectives for the business and company owners, set target transaction price, determine role of employees post-transaction, etc.
- **Assessment/SWOT** – baseline business operations and corporate strengths and weaknesses. Market research to determine trending opportunities and threats. Evaluate governance, controls, IP, ... to identify problem areas needing attention.
- **Gap analysis** – compare assessment results to goals to identify resources and capabilities needed to reach goals. Results used to develop a prioritized list of strategic objectives.
- **Strategic and tactical plan** – drafted to support additional growth, enrichment of strategic assets, and to position for an exit at maximum value. Governance issues are also addressed. Detailed tactical plan created to ensure results are realized.
- **Process mapping and tuning** – helps standardize knowledge concentrated in one or two individuals and allows internal and customer-facing processes to be optimized.
- **Financial analysis and valuation** – historic results are recast and projections are updated. Results are fed into a weighted-average valuation computation.



Gates and Company's solutions are **highly customized** according to each client's unique needs and situation. Plans, process maps, projections, valuations, and recommendations are all tuned to expand strategic assets and corporate value.

Most companies that go through Gates and Company's corporate tune-up spend a number of months executing on the strategic plan to strengthen their strategic asset portfolio and optimize their business processes. All such companies have realized a number of positive outcomes, such as the following:

- Business growth in the direction most desired by potential buyers
- Performance metrics to track improvements and demonstrate operational excellence
- A **maximum value** at exit
- A more polished, professionally managed company
- Tightened governance and reduced surprises during due diligence
- **Reduced chance of price erosion** from Letter of Intent to final Purchase Agreement
- Improved and more predictable business development processes to support more **aggressive valuation methods**
- A faster and **more efficient** business sale process with much of the groundwork completed ahead of time
- **Reduced anxiety** due to a well prepared and informed seller
- A highly respected investment banking partner with intimate knowledge of your business that can *hit the ground running* when ready!

**Gates and Company** has been dedicated to helping companies profitably expand their business and realize gains on their growth initiatives **since 1999**. Our track record is impressive, having helped over 160 companies reach their goals, including:

