



WILCOX | SWARTZWELDER & CO.
INVESTMENT BANKERS

The Wilcox Group + PetroGrowth Advisors

Five Phase Process When Selling a Business

An investment banker's role is to assist you in achieving your goals by acting as your advisor, advocate and agent. The investment banker manages the entire sale process, from inception through closing. The typical company sale process takes six to nine months from the time you make a decision to move forward. While the process of selling a business

to value, timing, confidentiality, ongoing ownership, existing employees and more. Your advisor performs a detailed investigation of the company in an effort to understand every facet of your business. This helps the investment banker assess the company's value and prepare marketing materials and a financial model that

The strategy and approach for a company sale must be tailored to each client's goals. However, deals generally follow five main phases.

will vary somewhat depending on your objectives, company size, the nature of the industry and market conditions, the basic steps are outlined below.

Phase 1: Understanding Your Objectives and Your Business

Any credible and effective negotiator needs to understand exactly what they are selling and why. Your investment banker begins by gaining an understanding of your objectives as they relate

effectively and credibly communicates the value proposition to potential buyers.

Phase 2: Research and Qualification of Potential Buyers

Your investment banker creates an initial list of potential buyers, including strategic and financial buyers, based on his or her knowledge of each buyer's acquisition criteria. He will



Wilcox Swartzwelder & Co.

A boutique investment bank delivering high quality financial advice exclusively to owners of middle market companies in the energy and industrial sector.

433 East Las Colinas Blvd.
Waterway Tower
Suite 1200
Irving, Texas 75039

P: 972.831.1300

F: 972.831.1318

Email:

jason@ws-ibank.com

grant@ws-ibank.com

Website: WS-iBank.com

Securities offered through
PetroGrowth Energy Advisors, LLC.
Member [FINRA](#)/[SIPC](#)

supplement this research effort by strategically utilizing various other resources, including proprietary databases. Often the initial list contains over 250 potential buyers, which are stringently vetted and qualified for suitability. In some cases, your investment banker may ultimately contact more than 100 potential buyers. However, depending on the circumstances, it is not unusual to target a much smaller number of the most likely buyers. In all cases, no potential buyer should be contacted without your approval.

Phase 3: Sales and Marketing Effort

Once you have approved the list of potential acquirers, your investment banker contacts each company to assess their level of interest. At this crucial stage your confidentiality is maintained and any detail that could identify your company is withheld. Each potential acquirer must return a signed confidentiality agreement prior to further details being released. The process of contacting buyers, communicating the investment merits, coordinating confidentiality agreements, answering questions and receiving initial bids is time consuming. The

investment banker manages this process, so that management can focus on operating the business.

Phase 4: Face-to-Face Management Meetings

Once initial bids are received, your investment banker assists you in determining which parties are worthy of proceeding to the next step and works closely with the owner(s) and management to provide each party access to detailed information on the company, including a site visit and management presentation, to ensure they have sufficient information to make a final offer. Initial and exploratory meetings should be managed and led by your investment banker. On average, there will be between three and seven serious potential acquirers, who will want to engage in a management meeting and site visit. Before these meetings take place your investment banker will lead you in a 'dry run' where he will thoroughly prepare you for what to expect.

Also, at this juncture, your investment banker will introduce a "synergy business plan". This tailored document shows the future potential of your business when combined with the resources of a potential acquirer. This has a

major influence on improving price.

Phase 5: Evaluating and Negotiating the Offer

Following a series of in-depth meetings and review of the "synergy business plan", serious prospective buyers will submit final offers. Once received, your investment banker will help you understand each offer fully, provide necessary assistance with the terms forming the offer and assist you in determining the winning bidder. He will also assist in negotiating the final letter of intent (LOI) or the purchase and sale agreement (PSA).

Once the final bidder is determined, the process shifts to confirmatory due diligence and preparation of legal documents. Your investment banker continues to act on your behalf, ensuring everything moves according to schedule towards closing. During this period, the investment banker works closely with your attorney and accountant in the negotiation of the remaining contractual terms to maximize after-tax proceeds and minimize ongoing liabilities.