



THE MAIN STREET FIVE STAGE SELLING PROCESS

PACIFIC M&A AND BUSINESS BROKERS LTD.

THE LINK TO SELLING YOUR BUSINESS | LOCAL KNOWLEDGE WITH A GLOBAL REACH

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GENERAL OVERVIEW

MAIN STREET SELLING PROCESS - PACIFIC M&A AND BUSINESS BROKERS LTD.

Are You Thinking About Selling Your Business?

Maximize the value of your business with Pacific M&A and Business Brokers. Pacific has a number of clients looking to purchase good businesses across multiple sectors.

Whether it is an immediate sale, or something you are considering over the next 2 to 3 years, it is never too early to lay the foundations for your exit strategy. A time planned and considered approach will maximize the value of your business.

At Pacific, they ensure that all their efforts are intrinsically focused on helping their clients achieve their goals.

The Main Street Five Stage Selling Process

- Stage 1 - Assessment of the Most Probable Selling Price (Market Interpretation of Value)
- Stage 2 - Marketing Materials & Due Diligence Preparation
- Stage 3 - Marketing
- Stage 4 - Offer & Due Diligence
- Stage 5 - Closing



STAGE 1

ASSESSMENT OF THE MOST PROBABLE SELLING PRICE (MARKET INTERPRETATION)

Interpretation of Market Value

At this initial yet critical stage of the process, Pacific M&A and Business Brokers seeks to interpret the “real value” of the business as determined by the current open market – (a true interpretation of “market value”) - this is done using proprietary valuation software and technology by performing and providing a detailed, yet understandable valuation report that considers multiple proven methods under the three main approaches to business values. This report will articulate what Pacific calls the Most Probable Selling Price (MPSP) and forms the basis of the first stage of their process. This is an essential step to the process as it identifies the true earnings of the business by normalizing financials, assessing both historical as well as projected performance, and dozens of value drivers. Pacific charges a cost recovery fee for all assessments of value or valuations. The valuation fee is independent from the “success fee” paid for the successful sale of a business and will vary based on required work, business size, and other factors. Please discuss the fee with one of their professional business intermediaries to determine your applicable fee.

Most Probable Selling Price (MPSP)

In performing the interpretation of the MPSP, Pacific M&A and Business Brokers work with you to confidentially complete any normalization of the historical financial information, understand the business and market space, determine realistic growth potential and projections, understand current market conditions, determine value drivers, obtain industry specific published data reports, and much more. This enables them to provide a reasonable and critical assessment of the MPSP that will provide you with a realistic interpretation of the actual market value, size of buyer pool, and other critical information that will help you make key decisions and answer such questions as: “Is this the right time to go to market?”; “Will my expectations be met?”; “Who will the likely buyer be?”; “How long will it take to sell?” and more.

Pacific’s opinion of the MPSP is based on multiple methodologies, your specific knowledge of the business, market conditions, future growth potential and opportunity, value driver considerations, and much more which in turn provides unprecedented marketplace interpretation of value accuracy. Depending on the complexity of the business, detailed accuracy and timing of financial, and other information provided by you, this process averages about four weeks. It may be worth being reminded of the market reality that today’s buyers are generally knowledgeable, and motivated by both the reason the business is for sale, and by the right price being presented. They will not pay for improbable opportunities that are without substance. Pacific’s ability to accurately justify the asking price is one of many key values they bring to the relationship.

During this stage of their process as well as Stage Two, Pacific may call on you to obtain additional information or discuss pertinent matters in order to ensure all details have been considered. If you are comfortable with the results of the provided MPSP report and wish to continue the process, Pacific then moves to Stage Two of their process where your full cooperation will be solicited in order for them to develop the appropriate marketing materials and move towards the desired sale of your business. Successfully selling your business requires your full cooperation and commitment to the process.



STAGE 2

MARKETING MATERIALS & DUE DILIGENCE PREPARATION

Pacific prepares the marketing materials to confidentially market and promote your business. These consist of multiple confidential and restricted exposure marketing materials tailored to specific anticipated buyer groups and in order to address differing levels of buyer interest and qualifications. During this process, and since most transactions are known to fall apart during the buyer due diligence process, Pacific performs their own internal due diligence in order to be properly prepared and ready to accurately and successfully manage the buyer's due diligence process in Stage Four. In the preparation of the marketing materials, Pacific draws from data and information gathered during the Stage One valuation process such as detailed business analytics, industry status, competition, assessment of strengths, weaknesses, opportunities, and threats to both the business and industry, market size and status, buyer pool size, demographic and geography of target market, and a host of other points both historical and futuristic in order to confidentially and successfully present your business to qualified buyers in the most favourable light.



STAGE 3 MARKETING

Pacific passively and pro-actively markets your business. Pacific passively markets the business by confidentially exposing the opportunity to a myriad of different business listing websites worldwide, and not restricted to local markets.

Pro-actively, Pacific confidentially exposes the opportunity to their extensive internal as well as their worldwide pool of buyers as well as to their worldwide affiliates. Where the potential buyer is deemed to be a strategic, financial, synergistic or industry buyer, Pacific determines the target market, develops a proactive target contact list, and explicitly targets such potential buyer targets in a confidential manner to determine their level of “growth by acquisition” interest and where possible, delivers competing offers in order to effectively drive the business value to the best buyer candidate.

This typically affords Pacific the opportunity to confidentially sell your business in the shortest period of time, and for the best and most realistic price. Historical data shows that on average, the deviation of the final selling price from the MPSP is less than 5%.



STAGE 4

OFFER & DUE DILIGENCE

Using competitive criteria matching techniques, and a proprietary dedicated Client Relations Management software, Pacific prepares and negotiates offers for both maximum value and best fit.

Once an offer is accepted, Pacific manages the buyer due diligence process as previously noted and as prepared during Stage Two of the process in order to successfully avoid the pitfalls experienced by many others not being so strong and eloquent in their process.

All buyer due diligence is fully managed with their proprietary systemic process and controlled access cloud based digital data room. Successfully clearing a buyer due diligence stage by waiving conditions precedent, signals that one is a step closer to the finish line, but does not necessarily provide a green light, or clear lane to the finish line. Like a chain is only as strong as the weakest link, Stage Five of their process is every bit as critical as all prior stages.



STAGE 5 CLOSING

Where applicable, it is typical to perform an inventory count prior to the closing and this will be coordinated by your Certified Business Intermediary, together with any other required pre-closing activities.

In this final, yet critical stage, there are a multitude of things that can come into play and derail a deal including emotions. For this reason, Pacific's experienced professionals follow a methodical proprietary checklist system of almost 300 steps to ensure that nothing is left to chance, or to the whim of emotions, fears, or the ill advised. Professionally managing this final stage including all advisors, counsels to the transaction, the buyer, and the seller, is absolutely essential to the success of a sale and its closing. It is not because of setbacks, or even surprises that so many transactions don't get across the finish line. It is most often due to the lack of knowledge, unrealistic expectations, lack of required resources and pure lack of management of all the facets involved and required to successfully get the transaction to a closing.

Boasting a better than 95% close ratio versus the low industry standard (in the 20% range) clearly reflects Pacific's knowledgeable, experienced, and professional approach to the successful sale of your business.

In Closing

When hiring Pacific, you are hiring a full complement of professional Certified Business Intermediaries. With a dedicated lead professional on the file, you will capitalize on several hundred years of professional expertise, all the required resources to successfully sell your business, and all in one place, where their success is directly tied to yours.

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