



Matchmaking: Corporate and Small to Medium Sized Businesses

“Don’t Roll the Dice”
January 14, 2010

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Small to Medium Sized Business (SMB) interacting with Strategic Buyers

SMB Buyer

Strategic Buyer

SMB Seller

Selling

- How is it different doing a deal with another SMB vs. Strategic Buyer
- Payout Method
- Availability of Funding

- How do SMB's find Strategic Buyers to sell to?
- How do Strategic Buyers find SMB's to purchase?
- How do Strategic Buyers groom SMB's to purchase at a later date?

Buying

Strategic Seller

- How do SMB's find Strategic divestiture opportunities?
- How do Strategic sellers find SMB's to buy their divestitures?

- Topic for another day

How does an SMB find a Strategic Buyer?

- Cast the net wide
- Use Pay Services, Advisors, Business Development Opportunity Forums, other customer meetings and professional organizational memberships

Keys for SMB

- Balance protecting shareholder interests and maximizing value
- Run a structured process
 - No turning back
 - Internal discipline & focus
 - Search for the giants.
 - Dove Tail. How can we look like and add value to my corporate target(s)?



<http://www.iann.net/giants/dor01.jpg>

“Use an Organic Growth Approach to develop and execute an Inorganic Exit Strategy”

How do Strategic Buyers find SMB's to purchase?

2 Kinds of Strategic Buyers

Active

- Corporate Development Team
- Use Pay Services, Advisors, Business Development Opportunity Forums, other customer meetings and professional organizational memberships

Opportunistic

- Wait for phone to ring

Keys for Strategic Buyers

- Consider dating first
- Mentor-Protégé Programs
- Understand it's a competitive situation
- Risks of not completing deal
- Goals for the transaction



“I’m going to make him an offer he can’t refuse”

How does a SMB find strategic divestitures?



“Sometimes one pays most for the things one gets for nothing”

Albert Einstein

- Network with contacts
- Employ buy-side advisors
- Display unique expertise

Keys for SMB

- Know your market
- Know your competitors
- Know what you want specifically

How strategic sellers find SMB's to buy a divestiture?

- Hire an investment banker

Keys for SMB

- Network with deal professionals constantly
- Update your website with contact info for CFO and CEO
- Be responsive even if deal doesn't fit



“If the road were straight, we’d all drive using the rear view mirror”

Selling to a strategic vs. another SMB?

- Due Diligence
- Negotiation
- Timeline
- Pricing
- Payment terms

Keys for SMB

- Treat as if they were no differences
- Appearance and presentation matter



“Respect is earned not demanded”

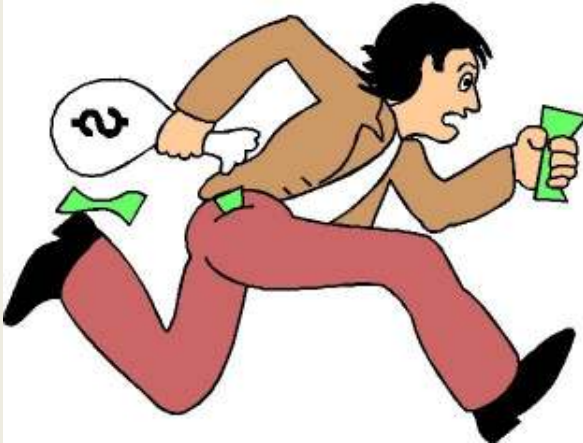
Due Diligence – Get Your House in Order

- Once vs. Hundreds
- Spend money to make money
- Emotional due diligence
- Will be ugly – don't take it personally
- ***Sell side due diligence***
 - ***Financial diligence***
 - ***Inventory all records - 3 years***
 - ***Identify non-recurring expenses***
 - ***Tax due diligence***
 - ***Get tax compliance cleaned up***
 - ***Understand tax structure options***



“If you put lipstick on the pig before due diligence, you’ll come out as a sausage”

Broker vs. Advisory



- Strategic buyers don't like to pay finders fees

- No easy money
- Define roles
- Define who adds what value and where
- Parties agree in advance



“I buy expensive suits. They just look cheap on me.”

Warren Buffet



Corporate and Small to Medium Sized Business Match Making

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Thank you...



Jerry Dentinger – Grant Thornton

Director Transaction Advisory Services

Jerry Dentinger
Director, Transaction Advisory Services



Jerry is a director in the Transaction Advisory Services group with over twenty years of experience providing corporate finance advisory services to senior executives in Fortune 500 and middle market companies.

As a leader in the Chicago office Transaction Advisory Services group of Grant Thornton, Jerry specializes in performing specialty assurance services including due diligence for private equity investors and strategic acquirers of businesses as well as financing transactions including securitization, asset-based lending and mezzanine debt.

Jerry brings a breadth of experience from investment banking, financial consulting and auditing environments. Immediately prior to joining Grant Thornton, Jerry spent five years in consulting specializing in accounting and finance operational improvement.

Prior to his time in consulting, Jerry was an investment banker for eight years with Merrill Lynch and SG Cowen leading the origination and structuring of debt and equity financing transactions for a broad array of consumer and industrial clients.

Jerry has guided senior executives of public and private companies through all phases of a financing transaction from origination and due diligence through structuring and closing. Jerry started his career in public accounting and spent six years in audit and accounting roles.

Education

Bachelor of Arts - Accounting - Michigan State University

Masters in Business Administration – Finance - University of Chicago Graduate School of Business



Mark J Devine – CM&AA

Corporate Development and Business Intelligence

Mark has 9 years experience supporting organic and inorganic growth strategies for small and large, private and publicly held, Defense and Intelligence Community companies. Experienced in Corporate Development, Business Intelligence (BI), Market Analysis, Strategic Plan Development and Internal Company Baselining. He has searched, analyzed and reported on 90+ in-depth Merger & Acquisition (M&A) Candidates, with some Due Diligence and Integration experience. He has co-developed M&A Policy, Processes and Tools/Templates.

He has performed Capture, Proposal, Project Management and Business Development (BD) activities. He has streamlined the information required for business pursuit decisions by marring business opportunity tracking systems and review processes. He has mentored others in BI and M&A activities. He searches and tests new sources and tools. Aided in active business pursuits by discovering and sharing information on customer budgets, marketspace trends, competitors, core competencies, and related contractual history.

Prior to his business experience, Mark served for 21 years in the USAF and the National Reconnaissance Office (NRO). There he performed Space Operations, helping meet cross-service and cross-agency (DoD and Intelligence Community) strategic and tactical customer's needs, while gaining experience in management, training and evaluation, and procurements. His space operations positional qualifications included spacecraft mission planning, command & control, telemetry analysis, constellation deconfliction, mission data recovery, ground station configuration, pre and post-launch testing , orbital maneuvers, and space situational awareness activities.

Education:

Summa Cum Laude, Bachelor of Business Administration, Strayer University, Washington DC

AAS, Space Sciences, and AAS , Instructor of Technology in Military Sciences, Community College of the Air Force, Maxwell AFB, AL
Certified Merger & Acquisition Advisor , Loyola University

Shipley & Associates Capture and Proposal Management Course

John Goyak and Associates Capture Management Course

Program Management, Opportunity and Risk Management, and Earned Value Management Courses

Six Sigma Specialist Training (Process Improvement) Course