



## **The Selling Process**

First Street provides you with strategies and solutions to unlock the value of your business. We help you optimize your business for sale and then work with you to complete the transaction.

### **Confidentiality Guidelines:**

- All correspondence (verbal and written) between Seller and the First Street are held in strict confidence.
- No information will be shared with third parties without consent from the Seller.
- Confidential Information is only shared with third parties who are bound by a signed “Confidentiality Agreement” or with prior approval from Seller.

### **Selling Process:**

First Street breaks the transaction process down into four distinct phases: Pre-Marketing (development of materials and fair market value analysis), Marketing Phase, Letter of Intent (LOI) selection and signing, and final due diligence and definitive agreement drafting.

#### **Pre-Marketing Phase**

First Street begins the sale process by assessing your company, its peer group, and the current market dynamics. We do this to determine the best strategy for bringing your company to market and to develop multiple buyers.

**Step 1:** Collect vital information about your business, which will then be analyzed and compared to similar businesses.

***Objective:** This will give you a top-level assessment of industry-wide performance (geographic location considered) and business valuation.*

**Step 2:** Recast the business balance sheets and income statements (or in many cases, the owner’s tax returns) to reflect the economic performance of the business.

***Objective:** To report the fair market value of assets and discretionary income. This is then used to identify proper Buyers and Investors for the Company.*

**Step 3:** Complete a fair market report for your business, sharing with you best practices in your industry and financial ratios from similar size businesses.

**Objective:** To establish a range in which the company should sell for planning purposes.

**Step 4:** Develop a target Buyer list for the Company using a complete set of resources: First street’s extensive database of contacts (industry strategic buyers, small PE and family office investors, individual buyers with industry experience), various subscription data services, and outsourced sales/data firms with expertise in the field.



**Objective:** To establish the most likely buyers for the Company and to use that list to fine tune the marketing materials being prepared.

**Step 5:** Create Marketing Materials with detailed information on the Company. These materials include a teaser, which is an anonymous one-page summary, in addition to a confidential information memorandum (CIM) that describes the business in much greater detail. The CIM will provide specifics about the business and key information that a buyer needs to fully assess the opportunity.

**Objective:** To provide a clear case to potential buyers of the value proposition of the Company and provide information a Buyer needs to move forward with the acquisition.

### **Marketing Phase**

In the marketing phase, First Street initiates contact with potential buyers. This is done through direct outreach to specific buyers. If a buyer wishes to view the CIM, we require them to sign a confidentiality agreement (“NDA”). During this phase, the potential buyers are informed of the process and timeline.

Outreach is done using several channels which may include:

- Direct outreach on the phone and via email
- Targeted Direct Marketing Campaigns to reach a broader tier of buyers
- Specific and targeted local and national marketing through specific sites
- Networking through exclusive groups of M&A professionals and industry professionals

### **Letter of Intent (LOI) Phase**

Buyers invited to move on to the LOI phase will be given more access to information. This may include more detailed financial items not previously provided and further discussions with First Street. During this phase, Buyers are invited to meet your management team in person. This meeting allows the parties to get better acquainted and to further assess a potential acquisition.

We request LOIs after the management meetings are completed. The Letter of Intent lays out the general parameters of the offer including:

- Transaction structure
- Price and timing
- Transition expectations of current leadership team/owner

First Street will work closely with you to assess and negotiate the Letters of Intent. From this work, one party is selected to move forward to due diligence.

### **Final Due Diligence and Definitive Agreement Phase**

In this final stage, our team manages and facilitates communication between you, the buyer, attorneys, accountants and other third parties. We will work closely with you to negotiate the business elements of the transaction, help provide buyers with the information they need, and work with the attorneys as they draft the final documents. When this phase is complete, the definitive agreement will be signed, and the transaction will be consummated.

The process can be complex, and it takes time. First Street is a trusted advisor that can help you successfully navigate it. Our experienced team will utilize all their skills and talents to ensure a successful outcome.