TRANSCEND & TRANSFORM

BUILD LASTING BUSINESS VALUE

define superior strategies, enable disciplined financial management and create operational processes that are grounded in building lasting shareholder value

Corporate Finance | Investor Relations | Mergers & Acquisitions

ALIGNMT

FORWARD

We are ALIGNMT – a leading provider of business consulting, analysis and outsourcing services. We are experts in strategy, finance and operations and are passionate about helping our clients succeed. Our clients rely on ALIGNMT to assess risk, support financial, investment and marketing decisions, and improve business performance in their daily operations.

We have the opportunity to drive innovation, cultivate insights and build unique solutions for our clients. We take pride in our strengths and believe in cultivating an atmosphere that supports and values our greatest asset: talent.

ALIGNMT LLC is not a broker/dealer, Finra or SIPC member firm and does not, in any way, shape or form, engage in securities transactions...period. ALIGNMT complies in every way with the SEC's M&A Broker rules, which can be found here, when engaging in Mergers & Acquisitions related work.

If you want to sell securities, get a registered Finra member.

We are not lawyers either. If you want legal advice, get a lawyer.

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Your Company

Your company is important to you. It is equally important to us. You face unique challenges—challenges that require specialized experience, senior level attention, and proven judgment.

Our Expertise

ALIGNMT works with founders, CEOs and investors on Mergers & Acquisitions, Investor Relations and business Strategy Alignment to improve productivity and profitability.

CONTENTS

THE BIG IDEA IN 200 WORDS

Think for a moment what happens when you're short on critical resources:

You expose your business to excessive risks and inefficiencies. What happens?

Missed opportunities, wasted time, operating losses, morale issues and more.

And this is always bad news.

Because once your business is misaligned and off balance, getting back on course can be an elusive exercise in futility.

There are a lot of moving parts in every business: products and services, sales and marketing, goals and objectives, market presence, your organization chart, job descriptions and employees to name a few. This means there are a lot of opportunities to disconnect, which is why no business, large or small, can afford to make avoidable mistakes and leave success up to the largest variable in the equation: chance.

Now you have access to the one advantage that could straighten everything out for your business and employees—ALIGNMT. We have the opportunity to drive innovation, cultivate insights and build unique solutions for our client companies. We take pride in our strengths and believe in cultivating an atmosphere that supports and values our greatest asset: **experience**.

ALIGNMT is dedicated to the economic upside of helping every company operate efficiently every day in ALIGNMT

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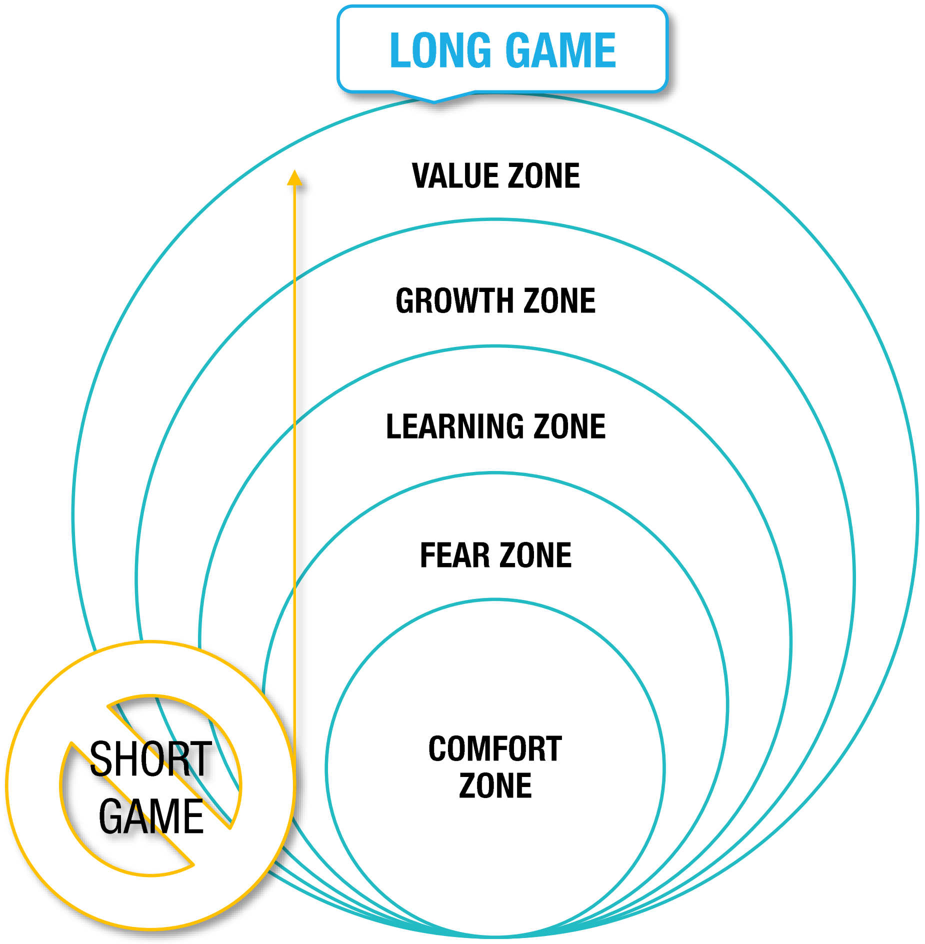
EXECUTIVE SUMMARY

Diving Deep Into Your Business Goals & Resources to Plan for Success

Is your future more motivating than your past?

SUCCESS IS ENTIRELY UP TO YOU

- Right now you are in your Comfort Zone, and it feels safe
- But it’s not what you thought, you want more and that requires change
- Opportunity is always outside your comfort zone
- Change can sometimes feel like failure
- It takes you out of your comfort zone
- Pursuing opportunity means taking risks
- The level of reward you experience directly correlates to the level of effort and work you invest
- Low effort = low reward
- High effort = high reward



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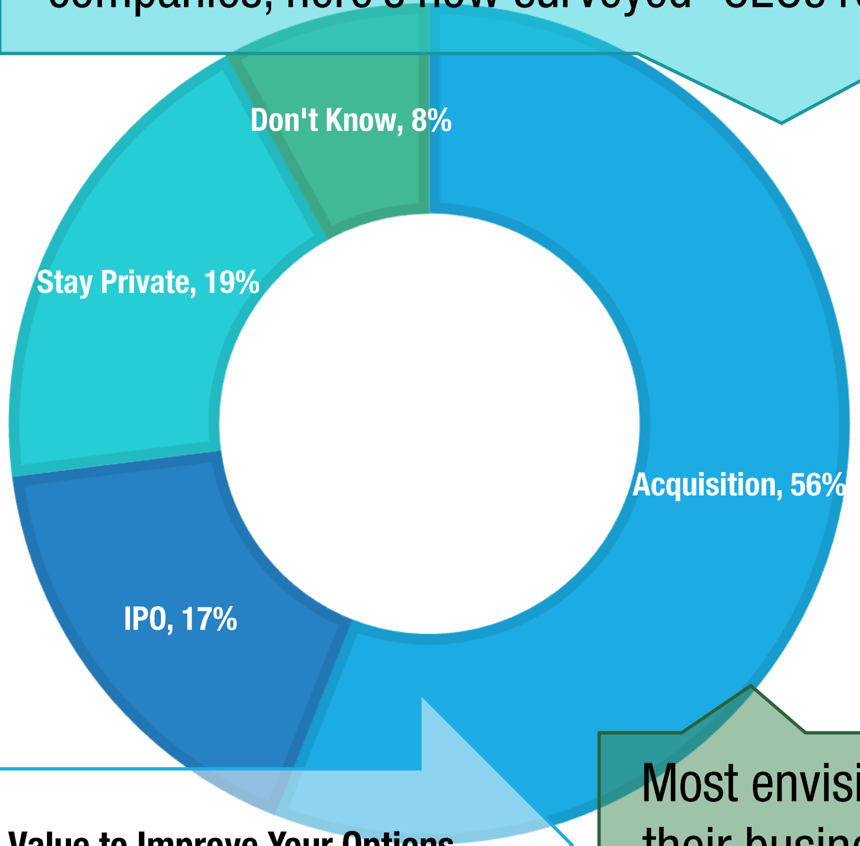
When asked what their long-term goals were for their companies, here's how surveyed[1] CEOs responded



Most envision selling their business as the priority transition goal

Build Value to Improve Your Options

1. Source: Business Insider Survey

EXIT STRATEGY

WHAT'S THE MOST REALISTIC LONG-TERM GOAL FOR YOUR COMPANY?

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WHAT MAKES A STRONG ACQUISITION TARGET? THE FUTURE

Position For The Future By Setting Achievable Goals

Products / Services

- Proprietary
- Competitive
- Defensible
- Evolving

Market Environment

- Growing
- Competitive
- Demand Driven
- Significant

Organization

- Passionate
- Talented
- Organized
- Competitive

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WHAT ARE YOUR CURRENT GOALS?

There are a lot of moving parts in your business. How are you positioning to build defensible value?

- Product Life Cycle
- Intellectual Property
- Market Expansion
- New Product R&D
- Launch Plans
- Distribution Channels

Product

- Career Development
- Org Chart Optimization
- Leadership Development
- Job Descriptions

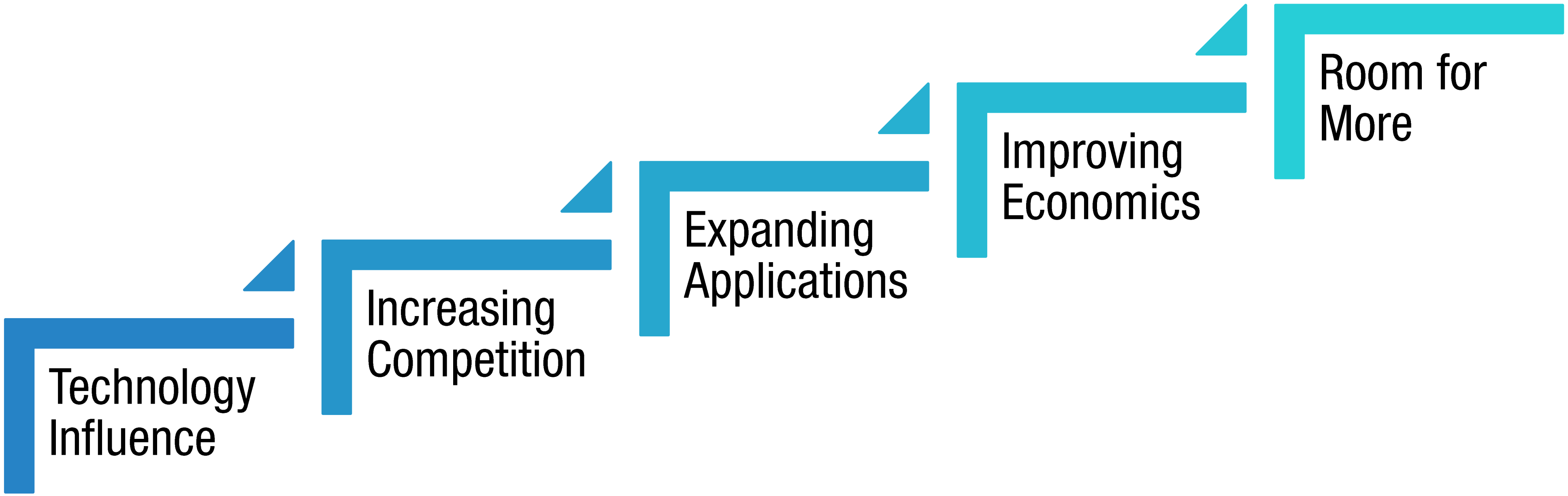
Organizational

- Revenue Expansion
- Cost Cutting Strategies
- Margin Improvements
- Recurring Revenue
- Balance Sheet Health

Financial

HAVE A PLAN TO ACHIEVE YOUR GOALS?

Establish your objectives, design a viable strategy to achieve them



Are advancements and opportunities in your market exploding?

HOW GROWTH ORIENTED IS YOUR MARKET OUTLOOK?

WHAT OBSTACLES DO YOU FACE?

How competitive are your products?

Product / Market Fit

Product Unit Economics

Market Penetration

Research & Development and new product successes

Who is your closest competitor?

What about them is most disruptive to your business?

How actively do you pivot to address the competitive environment?

How well suited to achieving your goals is your Org Chart?

Are your Job Descriptions appropriately defined to structure a productive workforce?

Do you have ample talent where its needed most?

Are your financial resources sufficient to aggressively pursue your goals?

Has revenue historically been able to cover costs and expenses?

Are you cash flow positive?

Is your balance sheet healthy?

When a business needs bigger and better results with limited resources, identifying areas for optimization becomes paramount to success

Gauge Business / Market fit

Highlight achievable organizational efficiency and agility improvements

Pinpoint opportunities for profitability improvement

Create awareness of the importance of continuous improvement

DO YOU WELCOME CHANGE?

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READY FOR YOUR FUTURE?

CONTROL THE THINGS THAT CAN BE CONTROLLED: PRODUCTS, SERVICES, CUSTOMER EXPERIENCE, REVENUE, PROFITS…

Strategy

- Business Plans
- Corporate Development
- Leadership Development

Finance

- Budgets & Forecasts
- Financial Planning & Analysis
- Financial Presentations

Operations

- Organizational Charts
- Business Development
- Branding

M&A

- Valuation
- Sell Side
- Buy Side
- Integration

Objectivity—View your business with an independent, impartial, fresh viewpoint free of personal interest, pre-conceptions or existing traditions and loyalties

Experience—Build your team with Well intentioned and apt professionals with problem solving experience and willingness to transcend their own comfort zones

Analytics—Always utilize a range of analytical skills and know how to concentrate on the main problem areas and define the requirements for solutions and benefits to be gained

Attention—Pay strict attention to your business to allow your executives and managers to focus on day to day problem solving

ALIGNMENT MAPPING

All the things that haven't been paid attention to translate to avoidable risks

YOUR ALIGNMENT MAP

By assessing your goals, resources, processes and analyses you can gain valuable insights on your strategy and the tactics that will take you to the next level—the result is an alignment map

MAXIMIZING CASH FLOW IS GREAT FOR BUSINESS, IT'S GREAT FOR YOU AND IT'S PARTICULARLY GREAT FOR BUILDING VALUE WHEN IT'S TIME TO BE ACQUIRED

BUTTON UP EVERY ASPECT OF YOUR BUSINESS TO BUILD SUSTAINABLE REVENUE GROWTH AND QUALITY OF EARNINGS

GAIN EXPERT KNOWLEDGE OF ALL THE INTERNAL AND EXTERNAL VARIABLES THAT ARE RELEVANT TO YOUR BUSINESS, INDUSTRY AND M&A ENVIRONMENT, AND KNOW HOW THEY IMPACT THE VALUE EQUATION

PRESENT YOURSELF WITH UNQUESTIONABLY PROFESSIONAL, RELEVANT AND ACCURATE MATERIALS THAT DESCRIBE EVERYTHING GREAT ABOUT YOUR BUSINESS, ITS PRODUCTS, SERVICES, PEOPLE AND UNIQUE POSITIONING FOR A GREAT, PROFITABLE AND MEANINGFUL FUTURE

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PARTICIPATORY STRATEGIC PLANNING

It Takes Great Leadership To Achieve Great Results

Leadership Building Blocks

1) Analyze—Figure out what outcomes are desired and how to achieve them
2) Allocate—Establish a plan to concentrate scarce resources like people, time and money to their highest and best uses, away from areas of waste
3) Align—Influence people to behave in a coordinated way, according to the plan, to achieve the desired results

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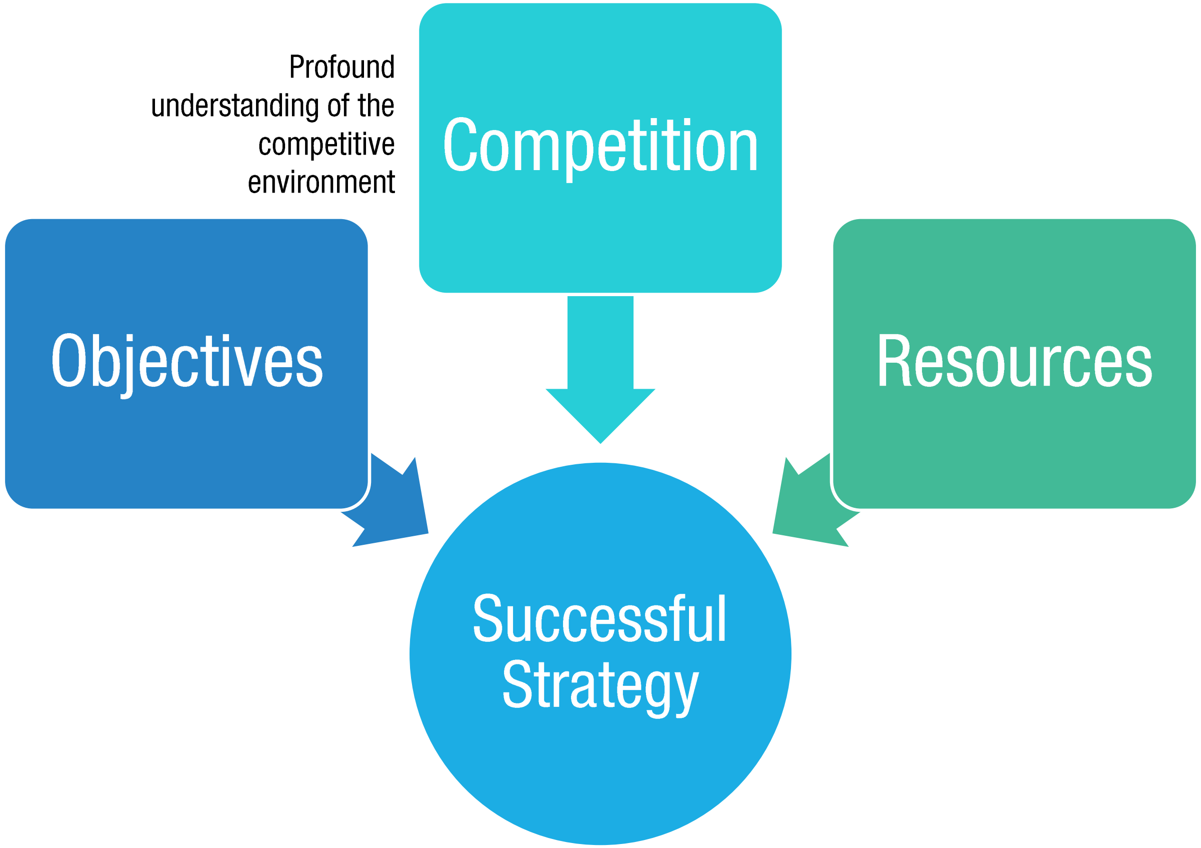
ELEMENTS OF SUCCESSFUL STRATEGY

Profound understanding of the competitive environment

Near-term simple and agreed upon outcomes & goals



Objective assessment of available resources:

- Human Capital
- Financial
- Sales & Marketing
- Customer Service

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STRATEGY IN PRACTICE

Anticipate

- Look for game changing information at the periphery of your industry
- Search beyond the current boundaries of your business
- Build wide external networks to help you scan the horizon better

Think Critically

- Reframe problems to get to the bottom of things in terms of root causes
- Challenge current beliefs and mindsets, including your own
- Uncover hypocrisy, manipulation and bias in organizational decisions

Interpret

- Seek patterns in multiple sources of data
- Encourage others to do the same
- Question prevailing assumptions and test multiple hypotheses simultaneously

STRATEGY IN PRACTICE (CONT.)

Decide

- Carefully frame the decision to get to the crux of the matter
- Balance speed, rigor, quality and agility—forget perfection
- Take a stand even with incomplete information and amid diverse views

Align

- Understand what drives other people's agendas, including what remains hidden
- Bring tough issues to the surface, even when it's uncomfortable
- Assess risk tolerance and follow through to build the necessary support

Learn

- Encourage and exemplify honest, rigorous debriefs to extract lessons
- Shift course quickly if you realize you're off track
- Celebrate both success and (well-intentioned) failures that provide insight

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TAKE ADVANTAGE OF OPPORTUNITIES

Defining Opportunity

1) Value Proposition
2) Market Size
3) Return Potential
4) Team

Mitigating Risk

1) Competitive Advantages
2) Business Model
3) Customer Needs

Managing Results

1) Management
2) Marketplace
3) Competition

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BUSINESS MODEL INNOVATION

True power is gained by sharing knowledge, not hoarding it. Demand strong communication across your entire organization.

1) Value Proposition—Overall view of products that are of value to the user
2) Target Customers—Segment of users you want to serve value
3) Distribution Channel—Means of contacting the user
4) Relationship—Link that you establish between your company and the user
5) Value Configuration—Arrangement of activities and resources that are necessary to create value for the user
6) Resources—Human capital, money and tools used to create value for the user
7) Revenue Model—Ways you generate sales from distribution channels
8) Keep In Mind—Strategic planning is the process of developing and maintaining a strategic fit between your objectives and resources, and your changing market opportunities

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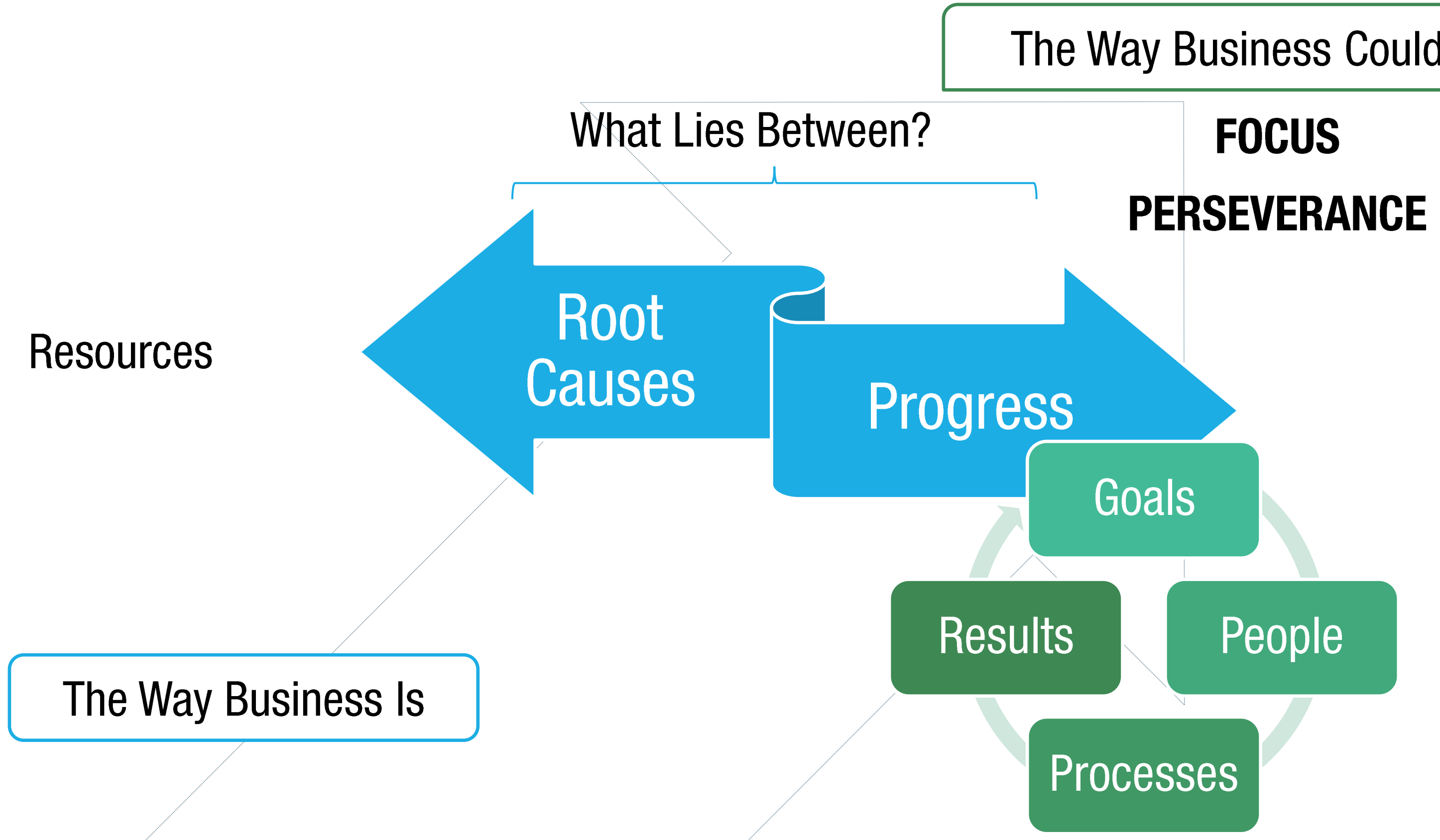
BUSINESS / MARKET FIT

Strategic planning is a powerful tool to create significant value
Documenting your strategy, activities and results reveals your business / market fit and enables ongoing improvement

BRIDGING THE GAP

BRIDGING THE GAP BETWEEN WHAT YOU HAVE AND WHAT YOU WANT IS TRICKY BUSINESS



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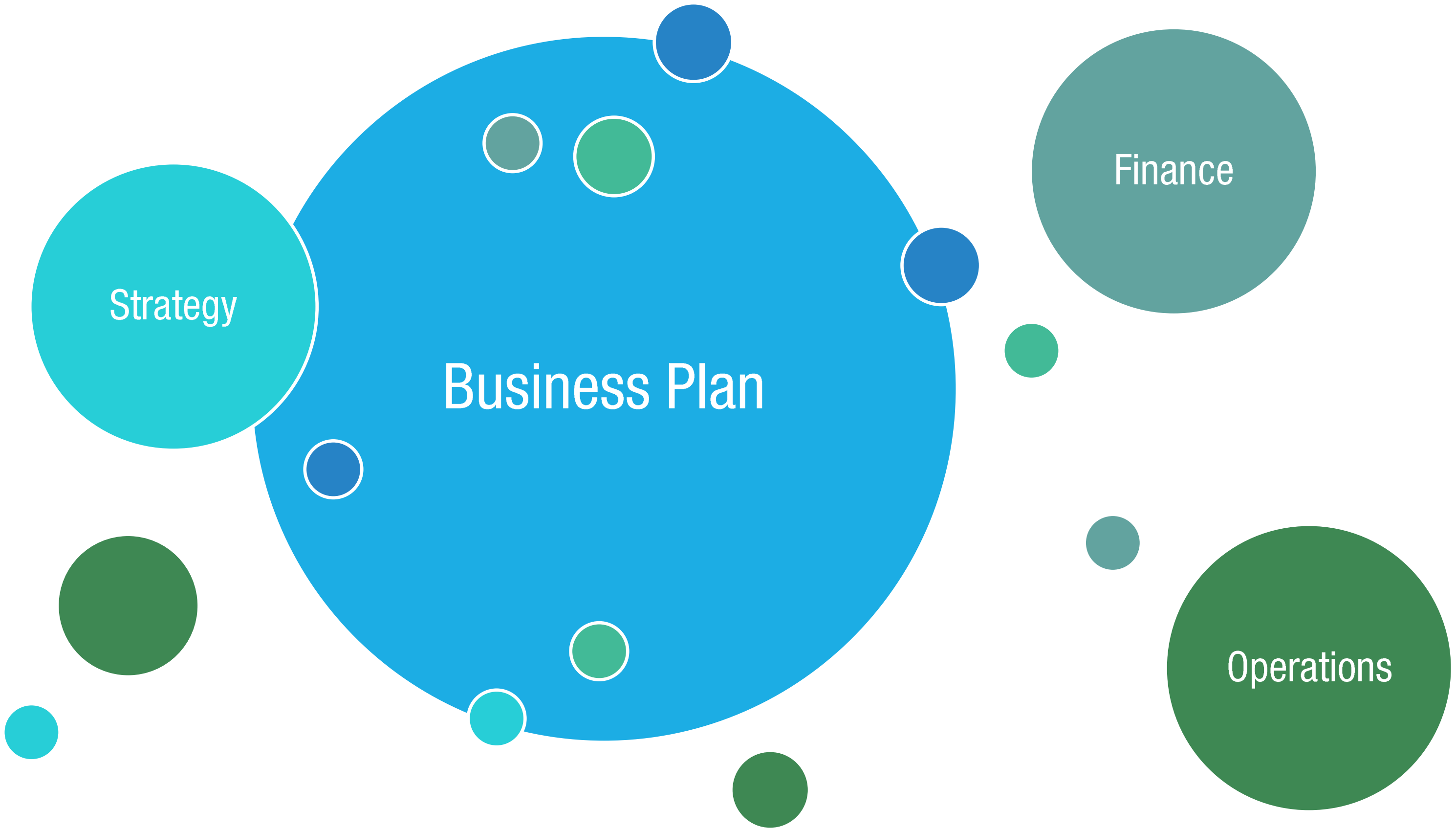
SO HOW DO YOU GET THERE?

Your Business Plan is at the heart of the future for your business. It may sound academic, but the work is organized communication through solid documentation, progress measurement and adjustment



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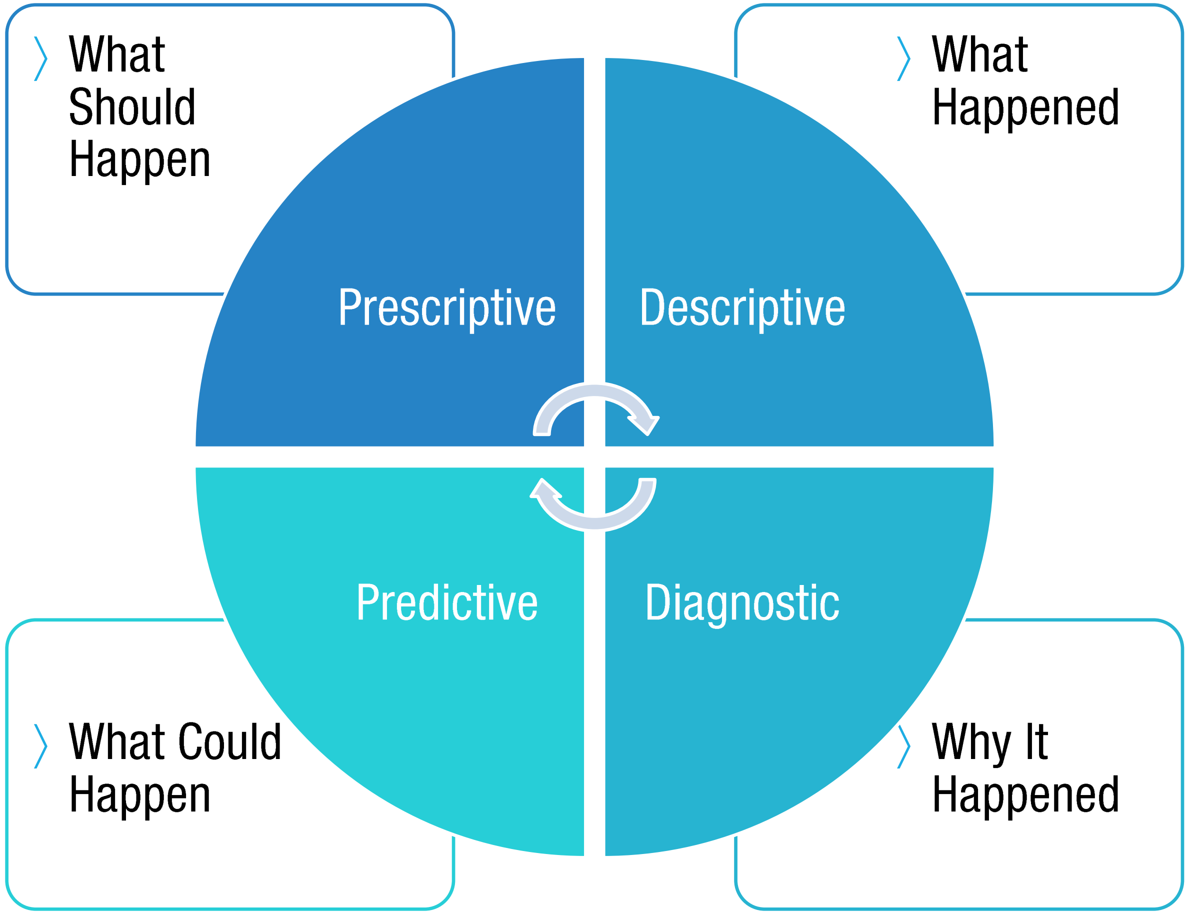
WHICH ANALYTICS ARE RIGHT FOR YOU?



DON'T DESTROY VALUE ATTEMPTING TO CUT COSTS

Find the right talent—complement skill weaknesses with strengths

VALUE

The VALUE of your business is what attracts customers & generates revenue

COST

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BUSINESS PLAN

- Your business plan is a valuable tool to keep you productive, on track and agile when the market throws curves your way, which it always does
- Failing to plan is no Business Plan
- A tailored Plan improves your chances
- Good Plans take time
- Analytical foundation to establish the facts you are facing today
- Empower your business and employees for future success

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BUSINESS PLAN V. BUSINESS MODEL

Business Plan

External, customer building coordinator–the “What”

Product or service description

Markets served

Buyer personas

Features, functions and benefits

Channels of distribution

No Business Plan can succeed with a flawed Business Model

Business Model

Internal, team building coordinator–the “How”

You need to differentiate yourself from others in your industry and particularly from your direct competitors – too many imitators don’t succeed

Uncovering the “essence” of your business will make it easier for you to communicate what you are doing differently from others – how do you stand out?

What is your competitive advantage? Are you thriving as a result of it?

Future goals, perhaps to expand or sell the business – how will you convince others to join or be convinced by what you do?

Articulation of the businesses business model is central to all of the above

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BUDGETS & FORECASTS

Make the most of limited resources

- Planning is the process of mapping out your organization’s future direction to attain desired goals
- Strategy is your organization’s plan to match its strengths with opportunities to accomplish its desired goals over the short and long-term
- A budget is an operational plan and a control tool that identifies the resource commitments required to satisfy your financial goals over a period of time
- Budgeting & Forecasting is an essential part of the continuous planning for you to accomplish long-term goals

FINANCIAL PLANNING & ANALYSIS

FINANCIAL PLANNING: PARTNER WITH BUSINESS LEADERS ACROSS THE ORGANIZATION TO PRODUCE SEMI-ANNUAL AND MULTI-YEAR FINANCIAL FORECASTS THAT PROVIDE A ROADMAP FOR THE COMPANY TO ACHIEVE ITS STRATEGIC OBJECTIVES

P&L REVIEW: LEAD THE MONTHLY P&L REVIEW PROCESS THAT INCLUDES EXPLAINING VARIANCES TO PLAN, PROVIDING INSIGHT ON CURRENT AND EXPECTED TRENDS, AND IDENTIFYING AREAS OF RISK AND OPPORTUNITIES

FINANCIAL ANALYSIS: CONDUCT COMPLEX FINANCIAL COST/BENEFIT ANALYSES TO SUPPORT GROWTH AND OTHER STRATEGIC INITIATIVES

CAPITAL MARKETS: SUPPORT CAPITAL MARKETS INITIATIVES THAT MAY INCLUDE ANALYSES RELATED TO RAISING DEBT AND EQUITY CAPITAL, PREPARATION OF INVESTOR/LENDER BOOKS, COVENANT REPORTING, AND OTHER TASKS AS NEEDED

REPORTING: MANAGE FINANCIAL AND KPI REPORTING REQUIREMENTS, INCLUDING PREPARING MATERIALS FOR THE BOARD OF DIRECTORS

BUSINESS INTELLIGENCE: PARTNER WITH DATA & ANALYTICS TEAM TO CREATE AND AUTOMATE A BUSINESS INTELLIGENCE FRAMEWORK TO SUPPORT VARIOUS COMPANY OBJECTIVES

OTHER: OTHER AD HOC SUPPORT AND ANALYSES AS NEEDED

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INSIGHTFUL PRESENTATIONS

Accuracy is the absolute standard

Research can give you a picture of what the future might look like. Then you can decide how you can fit in to it.

- Remember, there's the "What", the "How" and the "Do"

There are two ways to tell the story of your business: (i) the goals, activities and results of the people in your organization and (ii) the financial results of these activities.

Telling the story from both perspectives eloquently, consistently and convincingly is the hard part, particularly in short order with accurate, relevant data.

- Financial results analysis for your organization and investors
- Financial projections to keep your team productive and accountable
- Budgeting for organizational growth—every day can be better than the previous
- Revenue and earnings analysis—you're in business to make a profit

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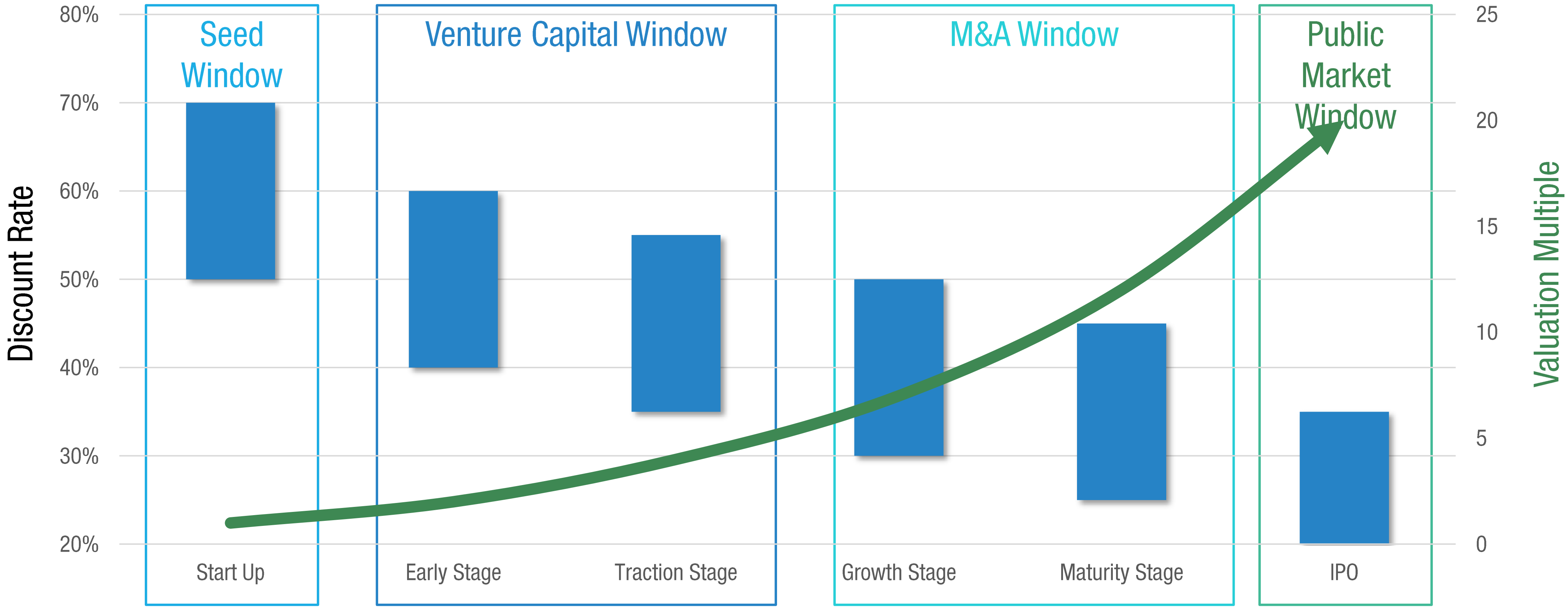
RISK AND VALUE EVOLUTION

THE LONGER A BUSINESS SURVIVES AND THE MORE SUCCESS IT ACHIEVES MITIGATE AGAINST PERCEIVED FUTURE UNCERTAINTY AND RISK, BUILDING VALUE EVERY STEP OF THE WAY



BUSINESS VALUATION

	Typically used by strategic buyers		Typically used by financial buyers	
	DCF Discounted Cash Flow Analysis	**CCA** Comparable Company Analysis	**CTA** Comparable Transaction Analysis	**LBO** Leveraged Buyout Analysis
Description	Valuation based on the discounted free cash flows of the company over the period generating abnormal returns	Valuation based on the main trading multiples of comparable (listed) companies	Valuation based on the main multiples of recent and relevant comparable transactions	Valuation based on IRR calculations assuming a certain (LBO) debt package available
Value Drivers	• EBITDA growth • NWC/Capex need • ROIC vs WACC • Competitive advantage period	• P/E or PEG ratio • Sales / EBIT(DA) focus • No control premium or synergies in multiples • FY0/FY1/FY2	• Historical transactions • Focus on sales / EBITDA multiples • Often control premium or synergies included	• EBITDA growth (organic / acquisitive) • Financing • Entry / exit multiples

MISCONCEPTIONS ABOUT VALUATION

Myth 1: A valuation is an objective search for “true” value	Myth 2: A good valuation provides a precise estimate of value	Myth 3: The more quantitative a model, the better the valuation
Truth 1.1: All valuations are biased. The only questions are how much and in which direction. Truth 1.2: The direction and magnitude of the bias in your valuation is directly proportional to who pays you and how much you are paid.	Truth 2.1: There are no precise valuations Truth 2.2: The payoff to valuation is greatest when valuation is least precise.	Truth 3.1: One’s understanding of a valuation model is inversely proportional to the number of inputs required for the model. Truth 3.2: Simpler valuation models do much better than complex ones.

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KEEP YOUR ENTIRE ORGANIZATION INFORMED

Every one of your staff wants to and can contribute to your organization's success—empower them!

1. Establish clear, operational, and relevant goals that lead to interdependence and commitment
2. Establish effective two-way communication
3. Distribute leadership and participation
4. Make sure power is based on skill and knowledge, not personality
5. Allow situations to determine appropriate decision-making procedures
6. Enforce functioning maturely and productively
7. Support controversy, it leads to creativity and process gain
8. Acknowledge conflicts and resolve constructively

THE IMPORTANCE OF THE ORGANIZATIONAL CHART

01

A well-designed organization structure promotes success

02

The organization chart is used to analyze position supervisory and reporting relationships which are crucial in determining:

03

A position’s level within a class series

04

Whether a position meets the needs of the organization

05

Whether one position affects other positions, providing interdependence and contributing to your collective organizational goals

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JOB DESCRIPTIONS

Hallmarks of a motivated workplace include getting every employee to contribute to the organization’s collective success, while creating a learning environment for everyone

When an organization hits is stride and all functions of the business are working well together your company will experience:

- Commitment to results and responsibility for actions
- Open communication
- Low employee turnover
- Creativity and ingenuity, especially in solving problems
- Collaboration
- Excellent customer service, both internally and externally

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OPENING NEW DOORS

Creating opportunities to build innovative products, expand market share and boost cash flows

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MAKING CHANGES THAT LEAD TO INNOVATION

- Analyzing and improving your business can create tremendous opportunities given your market environment
- It can create strong financial returns for the owners
- While building a great organization that benefits every one of your employees with income and career development
- Creating defensible brand value among your competitors
- Establishing lasting shareholder value
- Realizable through Mergers & Acquisitions when the time is right

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