



Private Equity Symposium

Managing the Sale Process to Maximize Value

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Most Important Issue on Maximizing Value – Timing of the Sale

- ♦ Time to sell may not be when you are ready – good and bad
- ♦ Status of capital markets for financial buyers
- ♦ Status of your business in its development, its markets and industry for strategic buyers
- ♦ Best time – company growth, industry growth and buoyant capital markets – just when you are “in love” toughest time to sell BUT best time to sell – buyers will pay up for future growth that is “real”
- ♦ IDEAL – you don’t sell – someone buys!!

Auction – Selecting Whether or Not to Have One

- ♦ Auction is riskier than no auction if sale fails – don't use confidentiality as your reason not to auction – it doesn't exist – even with one buyer
- ♦ Company and Industry attractive – absolutely and spread the net
- ♦ Company and Industry mixed – maybe not - focus on strategic financial and industry buyers
- ♦ Threat of auction/IPO may be better than an auction process – may create better tension
- ♦ No right answer – you will find out if you shouldn't have used an auction when it is too late!!

Auction – What do you Need to Succeed?

- ♦ Must have a group of financial buyers – until recently they set the floor - before credit melt down they were beating strategic
- ♦ M&A advisor – they know the PE universe and buyers – you should know the strategic buyers – will also help both seller and buyer understand reality
- ♦ Staple financing – necessary for a middle of the road business – again helps set the floor
- ♦ Keep some good news back to feed the frenzy

No Auction – What do you Need to Succeed?

- ♦ M&A advisor – shows buyers you are serious – will find financial buyers with “need” to do deal – will create tension that you can not
- ♦ Staple financing – shows buyers that there is financing available and assists in setting floor – careful not to be too aggressive – will scare buyers off
- ♦ Keep some good news back to keep them keen

Diligence and Data Room

- ♦ Do your due diligence FIRST
- ♦ Online site has been a great value creator – all parties get access
- ♦ Make sure you add material after you start – keep them guessing on whether you are responding to others questions
- ♦ Again - good additions after the launch will fuel tension

Management Involvement and Motivation

- ♦ Without it you will leave millions on the table
- ♦ If you didn't properly align them when you started – you better now
- ♦ Rolled equity – issue for financial buyer and not usually strategic
- ♦ Rolled equity – issue around public collateral benefit and management desire to roll
- ♦ Management need measurable, objective enhancer in place before the sale process – they will pay for it by getting the price up