

## SELL-SIDE DUE DILIGENCE

experience **expertise** // You may be a business owner considering if it is time to sell. You may be an investment banking firm representing a seller. Or you may be a private equity group or other professional searching for an exit strategy related to an existing investment. BKD can help. We believe business owners should get the most value for their companies. After all, your business is your life's work and your reputation. Let BKD assist you in preparing for the sale of your company and helping to enhance its value.



### TOP REASONS TO CONSIDER SELL-SIDE DUE DILIGENCE

In a challenging economy, potential buyers are willing to search longer and harder for the best acquisition candidate. As a result, transparency and openness in your financial and operating information are more important than ever. Being prepared when soliciting bidders also may increase the number of bidders you attract. Sell-side due diligence can help:

- Reduce the chances of being blindsided during the sale process
- Identify areas of concern in time for your company to address them
- Provide realistic expectations on normalized earnings
- Show potential buyers your company's numbers have been analyzed
- Help protect your company from downward purchase price negotiations
- Help make buy-side due diligence less onerous

### PREPARING YOUR COMPANY FOR SALE

We can help identify the value in your business by assisting you with a diligence analysis. The BKD team can help you identify and quantify issues and exposures that could have an adverse impact on a deal. We can assist with numerous services, including the following:

- Financial Statements
  - Pro forma EBITDA – An analysis can help your company check that earnings before interest, taxes, depreciation and amortization (EBITDA) addbacks are reasonable and justifiably supported through proper documentation.
  - Net working capital – Purchase agreements frequently define closing net working capital computations as “consistently applied and in accordance with generally accepted accounting principles (GAAP).” Costly disputes can easily arise when a company consistently applies certain accounting policies not in accordance with GAAP, particularly at an interim period-end. Sell-side due diligence can identify GAAP departures early to help clearly define net working capital computations in the letter of intent and purchase agreement.
- Taxation – We can help you uncover liability issues and exposures related to federal and state tax compliance and nexus. These types of exposures are common in privately held companies and often can be addressed and mitigated in advance of going to market. Sell-side due diligence also can identify savings opportunities by identifying potential tax reductions. Savings generated through reduced state and local tax payments could effectively increase EBITDA, which can lead to increased company valuations.

## 90 YEARS

Experience **guidance** from a firm that brings more than 90 years of experience to the table, offering the insight you need to make wise decisions.

- **Information Systems** – Our advisors help you focus on identifying current technology capabilities, suggested improvement opportunities and internal control strengths and weaknesses while balancing investment demands and priorities.
- **Operations** – We can provide fact-based and metric-driven analysis, which can provide your company with potential improvement opportunities and cost-saving suggestions, both of which can generate increased EBITDA.
- **Management Reporting** – Preparation of proper management reports and analytics can show a prospective buyer insight into your company's operations and help you enhance its potential value. We can assist you in identifying and implementing these reports.

## OUR COMMITMENT TO YOU

Our advisors work with you to deliver the value you deserve. Our attention to detail allows you to focus on your business and keep your company on task. We help you:

- Understand the sales process
- Manage deal and information issues
- Present normalized/pro forma EBITDA to prospective buyers

## WHY BKD?

**BKD, LLP** is a national CPA and advisory firm delivering its experience and service with a deep understanding of your industry, your needs and what it takes to help your business improve performance.



FOR MORE INFORMATION // Please contact your BKD advisor; for a complete list of our offices and subsidiaries, visit [bkd.com](http://bkd.com). You may also email us at [transactionservices@bkd.com](mailto:transactionservices@bkd.com).

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