

# BUSINESS TRANSACTIONS:

*Practical Insights & Learnings  
from Owners & Buyers*

August 21, 2018

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## What is BKD*next*®?

Intentional process & methodology to help business owners develop plans to achieve financial security for business & family

- Transferable Value
- Continuity
- Succession
- Transaction

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## PANELISTS



Mike Bergeron, Partner,  
Strength Capital



Joe Natcher  
Former CEO, Southern Foods



Christopher LaMothe  
CEO, Elevate Ventures

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## From a private equity standpoint, what should companies be doing to prepare for a potential acquisition?



Mike Bergeron, Partner,  
Strength Capital

- › CEO & quality team of people who work well together
  - Actively working to build a sustainable business
- › Cleanliness of financial reporting
  - Financial reports tie closely with what management is saying

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## Success Story: Southern Foods



Joe Natcher, CEO, Southern Foods  
Sold his business in 2013

- › Utilized peer groups in the industry
  - Relationships within the industry turned into sharing best practices & learning from each other
- › Southern Foods 101: Quarterly Company Meetings
  - Shared numbers & profits with our managers on a quarterly basis

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## Success Story: Sherry Laboratories



Christopher LaMothe  
CEO, Elevate Ventures

- › Partner passed away & another who was ready to be bought out
- › Current CEO could not afford to be the sole owner of the company
- › Chose to sell the company to synergistic buyer

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## Success Story: Southern Foods



Joe Natcher, CEO, Southern Foods  
Sold his business in 2013

- › Worked with BKD, LLP to begin mapping out the selling process
- › Chose to sell to Reinhart Food Services
  - Their values & company culture matched up with Southern Foods

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## Ideal world for private equity transaction for an owner?

- › Every sale is different
- › We want to meet everyone, understand the business & understand what the owner is wanting to accomplish before making a decision on the type of transaction

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## How do you keep a management team motivated & excited after a sale?

- › Having a management team that wants to see the business continue to succeed

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## What was your experience with the sale of your company?



Joe Natcher, CEO, Southern Foods  
Sold his business in 2013

- › It was important for me to have a strong CFO as well as an outside advisor (in this case it was BKD)
- › Took about 8 months
- › Buyers controlled the tempo

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## Due Diligence Process



### › Challenges

- Recognizing when it was appropriate to go through with the sale

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## The Owner's Dilemma - *What about my employees?*

### › Southern Foods

- Wanting to ensure they found a buyer with the same company values & culture

### › Sherry Laboratories

- Set aside a percentage of the company for the company's key employees
- All employees received a significant bonus

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## How do you keep things quiet during the due diligence process?

- › Buy-Side & Sell-Side
- › Follow the rules set by the seller, owner, CEO etc.
- › Each deal is different when it comes to confidentiality
- › Made sure all relevant material was organized

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## What is the best investment for me?

- › You have to decide what your goals are
  - Do you want to buy?
  - Do you want to sell?
  - What is it you are wanting to accomplish?

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## Key Takeaways

- › Build your business for a lifetime, always be ready to sell
- › Do the work to constantly increase the value of your business
- › Prepare in advance, engage an investment banker
- › Seek steady hand outside advisors
- › Timing is important ... for both buyer & seller
- › Buyers are realistic, present your story in a balanced fashion
- › Reps & warranties in a buying agreement are important, understand your risk
- › Consider your employees in your exit planning

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