

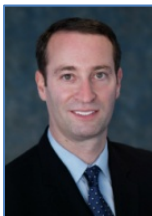


PRIVATE COMPANY INSIDER

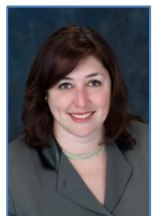
IN THIS ISSUE

- 2010 Launch of Atlas Private Company Insider
- Prepare Your Business for Sale
- Out-Plan the Big Guys

CONTACT US



Chris Andersen
Chris@AtlasBA.com
415.648.5517



Dianne Dubois
Dianne@AtlasBA.com
415.752.2254

425 Market, Suite 2200
San Francisco, CA 94105

www.AtlasBA.com

2010 Brings Launch of Atlas' Private Company Insider

Every month I speak privately with many business owners and business groups about planning for the sale or transition of a business. The same questions, concerns, fears and desires arise each time. They include:

- What is going on in the small business M&A market
- Where are valuations headed
- What do I need to do to make my business more saleable and more.

Atlas' Private Company Insider will keep you up to date on all matters related to exiting in good form.

With the new year upon us, it is the right time to talk about another looming planning issue facing the owners of all private companies.

"What Should I Do to Prepare My Business for Sale?"

I have been the founder or part of the management team for five entrepreneurial companies. I went through M&A transactions and it wasn't until the last one that I experienced what it meant to have a successful exit. That is why I launched Atlas in 2002.

The truth is every business will **not** be run by its current owner at some point in the future. You can either be proactive in determining the time and circumstances, or leave it to chance, often with less than desirable results for you.

There are four essential elements to devising an exit from your business. We will address these and more in each issue of the *Atlas' Private Company Insider*. If you can't wait to learn about the content of the next three issues, e-mail me or call me anytime.

(continued on Page 2)

ABOUT ATLAS

Since 2002 we have worked with dozens of companies to help their owners realize their goals by devising and creating the right M&A transaction. Atlas celebrates business owners for all they do: producing jobs, providing innovative products and services and creating wealth for their family. We offer a unique perspective resulting from having directly built, managed and bought and sold our own companies. That means we know what is important to you as a business owner. We have walked in your shoes.

Preparing Your Business for Sale – continued

It is a myth that ostrich stick their heads in the sand when they sense adversity. The truth is that they use their long necks and very large eyes to spot predators early, and then either lay down to hide (if they've not been spotted yet), or run away at speeds of over 45 mph. Like the ostrich, we counsel business owners to look far ahead to see the approaching exit, with plenty of time to make the best of it.

Those business owners that do will get the attention of the best buyers who pay the highest prices. Surveys have shown greater than 75% of firms have done little, if any, succession planning. Your goal is to stand apart from the crowd and have a business brimming with profit and growth, drawing several great buyers bidding against each other as they vie for the chance to write you a big check.



·The motion has been made and seconded that we bury our heads in the sand”

The next question I get from business owners is, “What can I do about it?” First, determine if the company is ready to be sold. Preparing a business for sale is all about telling a compelling story that will hold up through due diligence.

The Compelling Story

One of the things that makes Atlas better than many of our competitors is that we make **your** business stand out in the marketplace. Consider that any buyer is considering other alternatives regarding how they invest their cash. Buyers may acquire your competitor if they have a stronger business, marquis customers or standout products or

services. There are five key components to a compelling story, and the high price that compelling stories bring:

1. Good Growth Prospects
2. Unique Products or Services with Operational Strengths
3. Proven Trends & Profitability
4. Good Management Team and High Employee Retention
5. Repeat Customers w/ Low Concentration

Sit down and write a paragraph for each of the five points that you feel would prove your case. If you can't honestly do that, you've got work to do and we can help.

Easy Due Diligence

The process of having a buyer dig through every aspect of your business can feel uncomfortable, and I must admit, about as much fun as a colonoscopy. However, there are many ways to make this easier and more enjoyable (though never as much fun as a night out with friends).

Key to getting the entire transaction to a successful conclusion without renegotiation of the price and terms is to perform due diligence *on yourself* before taking the company to market. We want to uncover anything that may be perceived as a “negative surprise”. We take you through a detailed Due Diligence list, but broadly, you should:

- Examine Your Financial Records & Controls
- Review External and Internal Agreements
- Document Policies and Processes
- Mitigate Employee, Litigation or Environmental Issues
- Comply with Applicable Government and Industry Regulations

Client Comments “Chris’ business acumen drives his thoroughness and his ability to guide you through complicated processes.

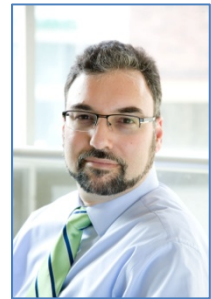
J.H. – Owner, Service Co.

Thinking of selling within the next five years? Begin the planning process now. It leads to a higher valuation, makes the process easier and allows you to sell the company when you are ready. Call us, or email Chris@AtlasBa.com. We'd appreciate talking about your situation, reviewing your options and guiding you as you prepare to transition your business to a new owner.

Out-Plan the Big Guys – With Just One Page

By Robert Sher, Guest Contributor

The big companies that are competing with you sometimes look enviable. They roll out new products, update their offerings at the perfect time and seem to operate as though they have a clear vision and a plan. Of course, the big guys have a strategy staff that doesn't have to handle all the details of running the operation. You might think they can sit back and have executive retreats and planning sessions amidst all their golf outings.



Don't be envious. With a little effort and discipline, you can be a more effective planner than them.

Know who you are and what you do

A simple approach to planning is best at all levels. Five simple questions, if answered thoughtfully, can lay out an entire year's course of action for your business. I'll give you the five questions right now, right here. Keep reading.

1. What are you building? Write down what your business will hopefully look like in three years. Include in one long sentence on your revenues, who your customers should be, your location and a description of your product mix. Lay out why you'll appeal to your customers. Officially, this is your vision. Don't worry about polishing it. Just write it down.
2. Why does your business exist? I mean, what is the point of having your business be alive? To help people enjoy their spare time? To help them build skill at their hobbies? Officially, this is your mission. Just jot down your thoughts.
3. What are your goals for the next 12 months? Just make a list, and keep it less than seven items long. Be really specific with a target number and a date. Like, "Hire two employees by January 15th, 2008." Or, "Grow sales from \$450,000 last year to \$510,000 this fiscal year." Try to think broadly about goals – quality service, profits, sales, store appearance and product breadth and depth. Don't forget a goal for self-development, too.
4. How are you going to build up your business over time? Think broadly about how you are going to out-do the competition. Will your strategy focus on one type of customer? Will you be the low cost provider? Or the high cost but high quality provider? These are your strategies.
5. What is the work to be done this year? Think about projects that really need doing. Take a peek at the goals you noted in #3 above, and think about what projects you'd need to tackle and when. Be as specific as you can. These are your action plans.

Spend two to four hours and write down your answers to these questions on one page—nice and short—and you'll be leagues ahead of most business owners. Right now, make an appointment with yourself to do it—in the next week.

These simple five questions have been tried and proven over many years by Jim Horan, the author of *The One Page Business Plan*, a bestselling book and planning system. I've used it myself (on myself) and with many clients, large and small. Improve your planning skills and the results you'll get by buying his book at any bookstore or online. It's a workbook style and an easy read, and it comes with a CD for \$35.

(continued on Page 4)

Monitor your progress

Second only to the five questions in importance is setting a date with yourself each and every month to chart your progress toward your objectives. So at the end of each month, you should write down—even graph—how you're doing on each of the goals you set. If you're on target, pat yourself on the back. If you're not, think about what you must do differently to get back on track. If you really want to actually think about your plan every month, I'd suggest getting someone else involved. Make a monthly breakfast date with a colleague or friend that will be tough on you and hold you accountable to your own plan. Just the act of thinking about your plan and whether you did what you had decided was most important in the last month will greatly increase your odds of success.

With your hands on the helm, you are in the thick of it. You know what needs to happen in your business. That puts you ahead of many of the big players in your industry. With just a bit of planning on your own, answering the five questions and looking at the plan and your progress monthly, you'll be able to focus on the most important aspects to growing your business. It's just that extra push to reduce the time you spend reacting to the day-to-day pressures and increase the time you spend on critical projects and goals. Just do it, and do it now. You'll see benefits quite soon.

Takeaways:

- Effective planning can actually give you an edge over larger businesses.
- The one-page business plan is a quick and proven way to get started.
- Diligently monitor your progress every month.

*Robert Sher is principal of CEO to CEO, specializing in assisting CEOs and business leaders as they navigate critical passages. He is the author of *The Feel of the Deal; How I Built a Business through Acquisitions*. He may be reached at Robert@ceotoceo.biz.*

Done Deals

\$12 Million Health Services Co.

Acquired by:

Industry Consolidator

(Terms and Names Withheld)

A Call to Action

Thinking of selling within the next five years? Want an ostrich-egg sized price? Now it is time for you to take action. We make the process easier and will walk you through it step-by-step. Call or email us to discuss your options for 2010.

Or, if you know of another business owner thinking about selling we would appreciate an introduction.