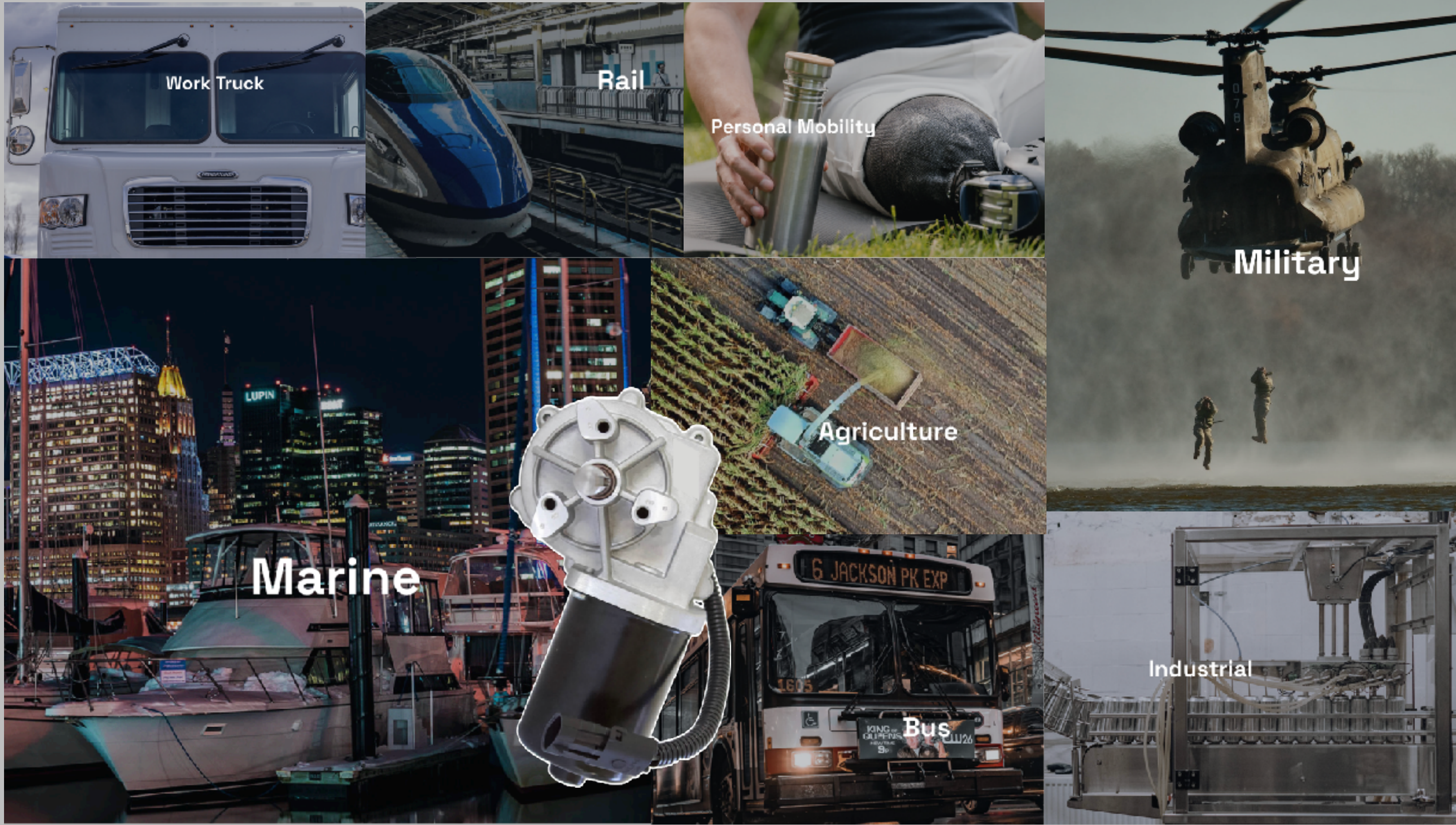


Motion Control Solutions for Every Application

Accelerating From Stagnation to Strategic Growth

Owner Regains Operational Control, Achieves Freedom, and Successfully Sells

Business™ ACCELERANTS

Situational Challenges

Owner Had Decided To Exit Via ESOP

Covid Pandemic Hits March 2020

Layoffs Immediately Done To Rightsize

Sales People Salaried

President With CPA Not on Top of Things

External Audits Had Been Dropped

Owner Cut Personal Salary in Half

President Did Not Do Same as Expected

Program Manager Recently Hired

5.2% CAGR From 2010-2019

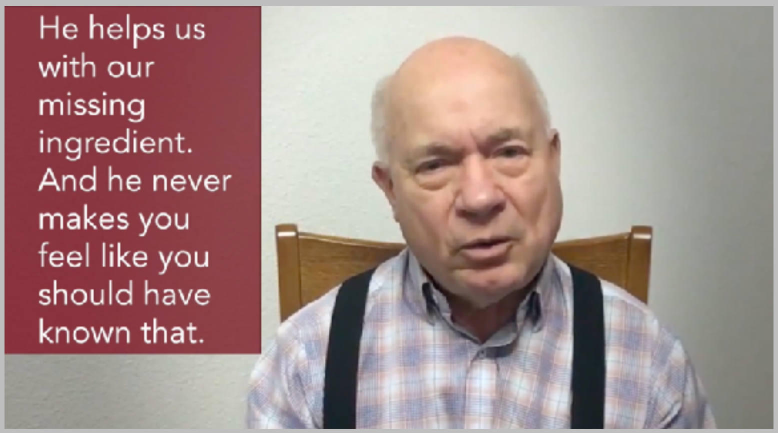
Net Profit Negative 6 of 10 Years

Excessive Inventory

Financial/ERP System More Home Grown and Outdated, Unable To Provide Consistent Information

Financials Nowhere Close To GAAP

Current Markets Grow at Less Than GDP



Https://Vimeo.Com/Manage/Videos/834866033

Some Actions Taken

Business Accelerants 7-Step Process™ Used

1. **Gather** Background Data and Information Using the 7-Forces Analysis
2. **Analyze** the Background Data and Information To Create Useful Information
3. **Assess** What the Information Is Telling You
4. **Decide** What Actions Make Sense for You and Your Business at This Time
5. **Plan** What You Need To and Will Do in 90 Days, 180 Days, 270 Days, 1 Year, 2 Years, 3 Years and Beyond
6. **Execute** to the Plan Made With Assignments to Specific People and Timed Reviews
7. **Monitor** the Progress to the Plan and Make Changes as Required by Circumstances.

President Let Go With Package

Project Manager Promoted (Had Prior GM Experience at HP Plant)

Deep Dive Into Existing Sales

Core Value/Growth Drive Analysis

Benchmarking Various Industry Players

Global Market Analysis Completed

Reframed Company From Motor to Motion

New Vision/Mission/Values/Website

Sales Lead Let Go With Package

Interim Sales Lead Brought In To Negotiate Price Increases and Find New Markets

Sales Compensation Revised

Brought in Fractional Controller

Created 5 Year Growth Plan With 5 Pillars

- Take **SHARE** From Competitors
- **FOCUS** on New and Growing Segments
- Provide **MORE** on Each Vehicle
- Open **NEW** Applications
- Consider Growth by **ACQUISITION**

Positioned Sale as Start of Platform

Changed to Outright Stock Sale of Business and Property

Positive Results

- **Created a Business Growth Plan To Enable Approaching Brokers and Buyers**
- Regular Board Meetings Encouraged Next Level Management to Present Helped Create Ownership in the Growth Plan
- Company Able To Find a Broker To Run an Auction Despite the Low Ratio of EBITDA To Revenue
- Sale Completed Within 1-Year of the Sell Decision
- **Financials Significantly Improved To Withstand Due Diligence in the Sale**
- Stipulation Made the Financials Did Not Meet GAAP.
- Inventory Reduced
- KPIs Decided Upon and Improved
- Lean Manufacturing Changes Made Under New President
- Position Descriptions Put Into Place To Encourage Employee Ownership Mindset
- Regular Reviews of Performance by all Done
- **Stock Sale of Business and Property Completed Satisfactorily & Saved Trees**

Long Tail/Tale of the Sale

- **Working Capital Partially Returned to Seller**
- Owner Passed 3 Years After Sale. Wife Moved Into Elderly Living Arrangement. Custom Built Home Had To Be Sold. Daughter Handling Living Trusts.
- **Seller Note Renegotiated Twice and Still Outstanding 5 Years After Sale**
  - Originally Low 7-Figures, Quarterly Interest Only With Balloon Payment Due 4 Years out From Sale
  - Buyer Forced To Withhold Interest Payments Due to Dramatic Change in Industry Post Pandemic and Inability To Service Bank Note 3 Years out From Sale but Continued Accruing Interest
  - Extended Payment to Up to 8 Years out From Sale After Further Issues and Bank Unwilling To Continue To Extend Terms
  - Buyers Finding Other Bank/Private Funding. Increased Interest Accrual Rate
- Stock Market Run-Up Would Have Helped Seller Had Payments Been Made on Time

Lessons Learned

- Determine the Business Leader's Non-Negotiable Items Upfront
- **Include Bank Covenants As Monthly Reviewed KPIs**
- Past Performance Is Not a Guarantee of Future Performance
- Earn-Outs and Rollover Equity Are Not Guarantees
- Cash Free, Debt Free Is Not Well Understood by Sellers
- Working Capital Is Not Well Understood by Sellers
- Update Website and Social Media
- Prepare for the Law of Unintended Consequences
- **Good Idea for Seller To Do a Quality of Earnings Analysis**
- Keep and Prepare Good Records of all Sorts
- Immense Effort for Existing Management To Run Business and Do Due Diligence
- Some Tax Strategies Require Things To Be in Place 2 or More Years in Advance
- **Set the Business Up To Grow Itself, Not Just Run Itself**
- Platforms or Add-Ons Are Attractive to Buyers
- Prepare a Good Business Plan in Advance and Be Executing It
- Sales People Need To Be Incentivized
- Reframe the Business for Growth
- Always Be Growing the Business
- Health Can Change Quickly

Paul Menig • *CEO*
(971) 222-5683
Let's talk
https://calendly.com/paul-ba
https://BusinessAccelerants.com
https://Coach.BusinessAccelerants.com

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