



What is The ExitMap?

Companies that earn less than \$1,000,000 in pre-tax profits are closed out of the most lucrative merger and acquisition marketplaces. Their profit contribution is too small to have a material impact on the value of a public company or Private Equity Group. Relegated to the small/business and individual investor buyers, these companies frequently sell for much lower multiples, and require considerable seller financing to make the transaction work.

Increasing profitability to the next level can have a massive impact on the multiples of profit that can be realized. It greatly broadens the number of potential acquirers, and shortens the time needed to locate a qualified buyer.

The ExitMap™ is MPN's proprietary process for increasing equity value in a company that is three to five years from the point of transition by merger or acquisition. There are four phases, the Study, Planning & Assessment, Implementation and Exit.

Study

We begin every ExitMap™ with a look at the client. This involves a preliminary review of the financial data and interviews with key personnel. Our objective is to develop an idea of how ready the client is to enter the Planning and Assessment process. Following the initial study we will quote for the ExitMap™ Planning and Assessment. **\$3,900**

Planning

The Planning and Assessment stages happen in tandem. As we examine the potential for the company to maximize equity value, we are simultaneously looking at its ability to



execute a plan to get there. Planning lays out the map to the goal. Assessment determines the requirements and challenges along the way. The Planning phase includes:

I. Owner's Objectives

1. Personal Vision and Goals
2. Target value
3. Target buyers

II. Comparative Valuation

1. Current value vs. target
2. Closing the delta

III. Strengths

1. Developmental potential
2. Areas to leverage
3. Strengths required for the next level

IV. Weaknesses

1. Present and potential problems
2. Action and corrective planning
3. Systemic weaknesses

V. Opportunities

1. Line and channel extension
2. New markets
3. Resources

VI. Threats

1. Market and Industry factors
2. Competition
3. Disruptive technologies
4. Global influences

VII. Scenarios

1. Likely buyers
2. Growth required to attract appropriate opportunities
3. Recommended internal changes
4. Recommended external changes

VIII. Next Steps

IX. Time Frames



Assessment

The ExitMap™ Assessment is a broad, comprehensive look at the business through the eyes of a potential buyer. We include the company attorney and accountants in appropriate discussions, and begin developing the team needed to support the plan.

I. Overview of the Business

1. History
2. Ownership
3. Business Model

II. Structure and Governance

1. Entity type
2. Shareholders/Partners
 - a. Buy/sell agreements
3. Board of Directors/Managers
4. Minutes and Resolutions
5. Joint ventures, partnerships and subsidiaries

III. Planning and Strategy

1. Vision and Mission Statements
2. Written Business Plan
 - a. Defined SWOT
 - b. Defined Goals and Objectives
 - c. Competitive analysis
 - d. Market analysis
3. Five year objectives
4. One year objectives
5. Annual planning review process, retreats
6. Review and correction process

IV. Human Capital

1. Key executives
 - a. Employment contracts
 - b. Non-compete agreements
 - c. Compensation
2. Employee handbook/Policy manual
3. Job descriptions
4. Regulatory Documentation
 - a. Confidential files
 - b. HIPAA and INS
5. Performance evaluations
 - a. Regularity
 - b. Objective measurements



6. Turnover
7. Employment liability, litigation

V. Management

1. Key Performance Indicators
 - a. By department
 - b. By function
 - c. Timeliness
2. Functional organizational chart
 - a. Decision paths
 - b. Levels of authority
3. Management qualifications and training
 - a. Depth chart

VI. Marketing

1. Market outlooks
2. Market positioning
3. Unique Selling Proposition
4. Unaddressed opportunities
5. Brands and trademarks
6. Collateral materials
7. Customer communication
8. Internet Presence
 - a. Website
 - b. Search Engine Optimization
 - c. E mail marketing
 - d. Social networking
9. Customer identification
 - a. Target market
 - b. Segmentation
10. Product/Service differentiation
11. Market share

VII. Sales

1. Channels to market
2. Pricing policies
3. Presentation materials
4. Incentive compensation
5. Sales planning
 - a. By line
 - b. By customer type
 - c. By activity
6. CRM
7. Customer concentration

VIII. Operations



1. Process documentation
2. Procedure documentation
3. Quality assurance
4. Vendor qualification
5. Key operating partners
6. Key vendors
7. R&D, Intellectual Property
8. Physical Plant
 - a. Suitability
 - b. Capacity
 - c. Ownership

IX. Technology

1. Software licenses
2. Hardware currency
3. Security
4. Backup integrity
5. Service and support
6. Employee policies
7. Controls

X. Finance

1. Financial statements
2. FF&E, Inventory and IP valuation v. book
3. Cash management
4. Accounts receivable and collections
5. Credit facilities
6. Comparative financial ratios
7. Leases and installment commitments
8. Purchasing controls
9. Budgeting and Projections
10. Capital expenses

XI. Three-sixty View

1. Employee interviews
2. Customer interviews
3. Supplier interviews
4. Competitor interviews

XII. Legal issues

1. Litigation
2. Contingent liabilities
3. Environmental
4. Intellectual property

XIII. Transition Issues



1. Tax planning
2. Contracts
3. Key personnel

Implementation

If requested, MPN Advisors can act as the coordinator, coach, facilitator and quarterback for guiding the implementation team as they bring the plan into reality. Annual strategic meetings, quarterly tactical updates and key operational decisions are integrated to support the overall objective.

Exit

When the time comes to realize the financial benefits of The ExitMap™, MPN Advisors will act as your agent in discussions with investors and potential acquirers. We are Certified Business Intermediaries, and work with your other professionals in a seamless and efficient team that encompasses negotiations, tax planning, legal and financial strategies.

Contact us today with your questions, and to discuss the potential return for investing in your company's transition.



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