

HELLO!

kyle@dpred.com

Raising Capital and Selling a Business

Raising Capital

- Planning a Capital Raise
- How to Screw Up Your Capital Raise
- Presentations for Raising Capital

Selling a Business

- Why are Companies Sold
- Who Buys Companies?
- The M&A Process
- Typical M&A Issues for Smaller Companies

Planning a Capital Raise

Why?

How Much?

Terms?

Who?

Time?

No?



How to Screw Up Your Capital Raise

Cold calling and not knowing your pitch

Thinking you have an original idea

Saying “I have no competitors” and not knowing your market

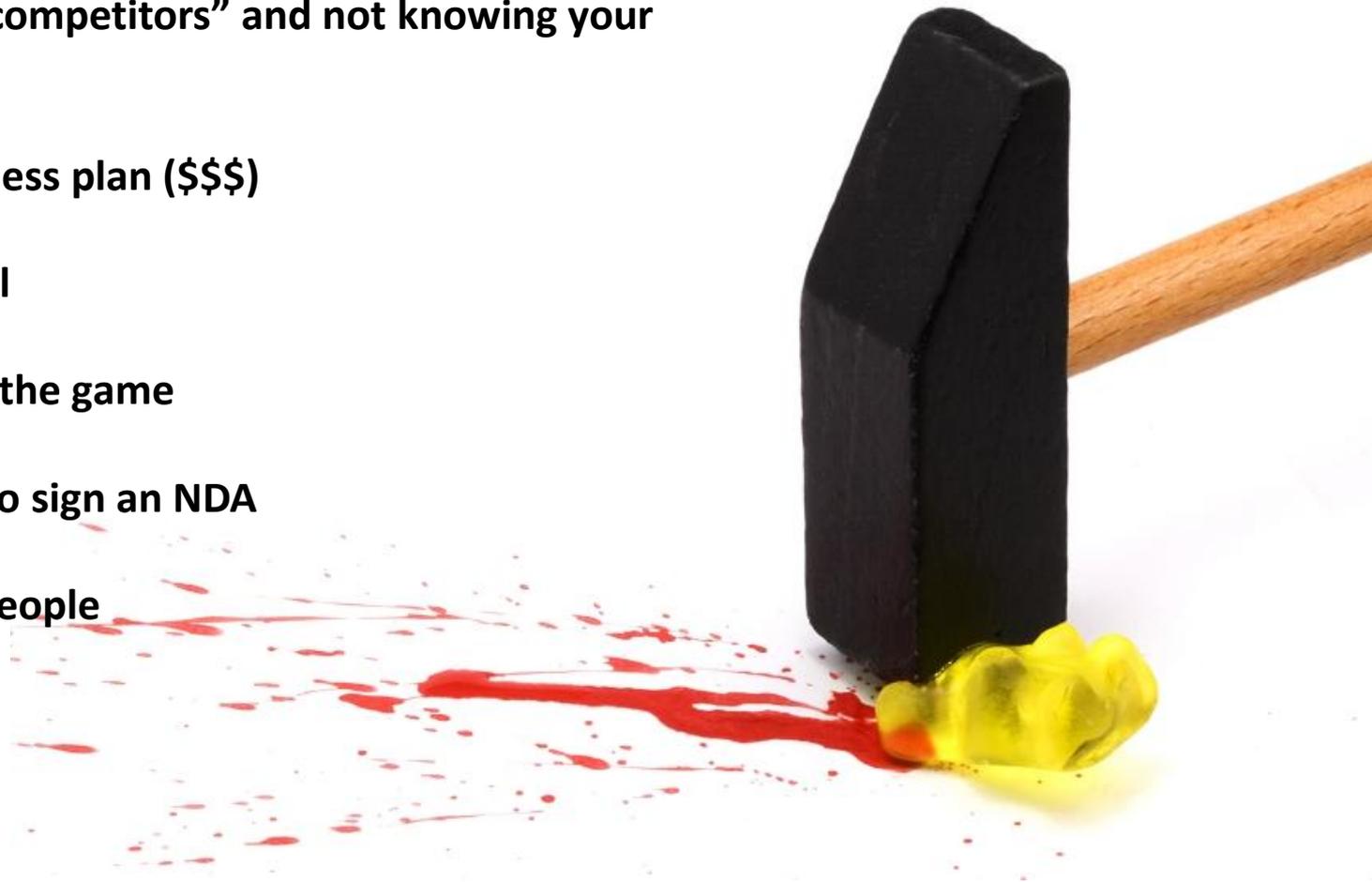
Not having a business plan (\$\$\$)

Being too technical

Not having skin in the game

Getting investors to sign an NDA

Not having good people



Presentations for Raising Capital

Prepare two documents:

- (1) One Page Executive Summary
- (2) a 10 to 20 Page Business Plan

Key things to remember:

- BLUF – Bottom Line Up Front
- Summarize
- Make it Pretty (Charts, Graphs, etc.)
- Topics to cover:
 - *Market, Competition, Sales, Highlights of Investing, People, Financials*
- No one reads your presentation
- Raising capital is all about people!



Why Are Companies Sold?

Many Reasons....

Owners Get Bored

Internal Strife

Make More Money

Principal Dies

Strategic Synergies

Children and Other Obligations

Time is Ripe

Who Buys Companies?

Financial Buyers

Financial Leverage

Economies of Scale (Roll Ups)

Look for inefficiencies

Target Specific Industries

Strategic Buyers

See long term strategic reasons for acquisition

Target Key Growth Areas

People/IP

The M&A Process



Research & Analysis (4 - 6 weeks)

Formal
Analysis of
Business

Construction
of Offering
Memorandum

Construction
of Buyer List

Presentation Period (8 - 12 weeks)

Execute
NDAs

Buyer
Review of
Opportunity

LOI Bids
Submitted

Conditional
Buyer
Visits/Due
Diligence

Offer Negotiation (6 to 8 weeks)

Bid
Review/Final
Bids

Buyer
Selected

Sale
Document
Preparation

Closing (4 to 6 weeks)

Final Due
Diligence

Sale Closing
&
Possession

Typical M&A Issues for Smaller Companies

Ongoing Management Issues (What if Kyle gets hit by a bus?)

Large Transaction Frictions: Legal and other advisory fees

Quality of Advisors

Smaller Deals Are MUCH Harder to Get Done

Horrible Financial Statements

Due Diligence Complexities



THANKS!

kyle@dpred.com