

Catapult.

Exiting Your Business

Choose Life.

Getting The Valuation You Want

Hacking The Valuation Model

Business investors value businesses using what's known as a multiplier.

Typically a buyer will value a business by taking the net profit value of a business and multiplying it by a number. The multiplier varies between industries and how well your business operates.

The UK average multiplier is 2.2, so if you have a business that has a net profit of £500k then your business will be valued at £1.1m plus non-revenue generating assets like property or land.

A business sale will only happen when the buyer and seller arrive at the same valuation.

There are therefore two ways to increase the valuation of your business, either you need to generate more net profit or you need to know how to achieve a higher multiplier.

Our Methodology

Shareholder Value vs Customer Value

Every business owner knows in order to get the best valuation for the business they need to work on the business not in the business.

This brings its own challenges.

Customer Value - Creating products and services that allow your customer to buy more from you. Running an efficient operation allows the business to grow revenue organically.

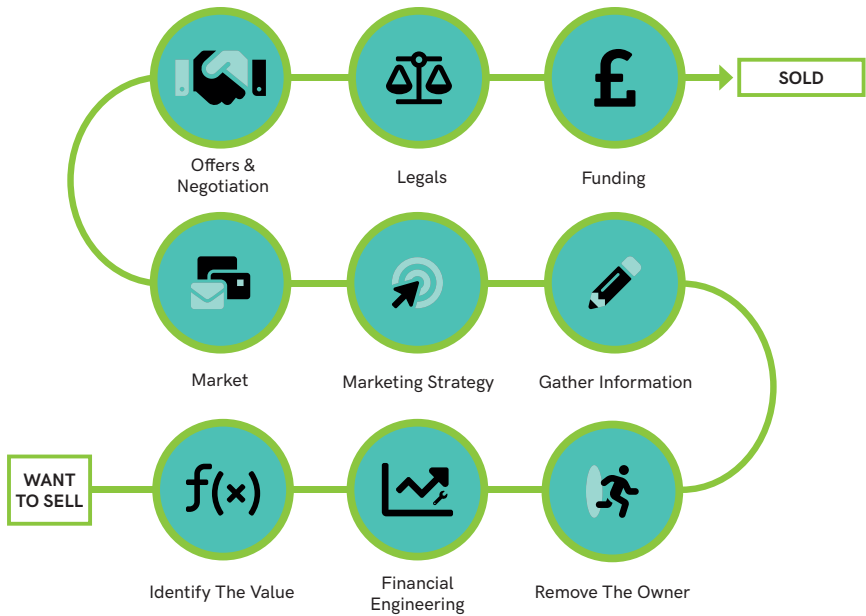
Shareholder Value - Is all about maximising the value within the balance sheet, improving bottom line profits and running the business using a strategical process to obtain the maximum value.

Our method comprises of 9-steps that allows us to work effectively to maximise both the customer and shareholder value of your business.

Deal Execution

Marketability

Analysis



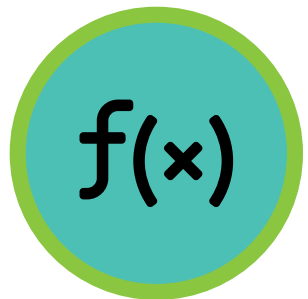
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1. Identify The Value

We will do a deep dive into your balance sheet, profit and loss and cash flow. We will identify where your real value is and how we can best use this value to reach your desired valuation.

Typically the longer the business has been in existence the more potential that is hidden within your business. For example, within your balance sheet many of your assets are depreciated which is fantastic for decreasing your corporation tax, but it negatively affects your valuation when coming to sell.

We will analyse your books and reveal areas that will both increase your net profit and evidence areas that will demonstrate why you deserve a higher multiplier.



2. Financial Engineering

In financial engineering we will action the tasks identified in the first step that will place your businesses in a better financial position for the sale.

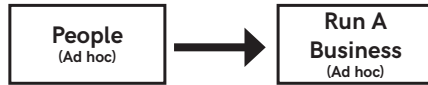
We will improve the cash position which is a critical component when maximising the valuation of your business.

We will look at ways that we can improve the efficiency of the business operation. Our methods improve the net profit of businesses by 10% or more, which will directly increase your valuation.

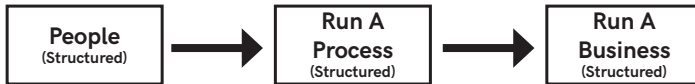


3. Remove The Owner

We will process out the business and remove the owner so that we can decrease the handover period to the buyer to as little as possible. Normally people carry out the tasks of the business directly:



When we shift the people to run the process then we disconnect the direct relationship between person and the business itself.



Provided the process creates the output that you want then that is all that is necessary.

The business intelligence is held by the process not the owner.



4. Gather Information

Once a sale has been agreed in principle the buyer will want to carry out due diligence.

By collating all of the information ready in a digital box we can pre-empt most questions and data requests speeding up the whole due diligence process and therefore complete the sale faster.



5. Marketing Strategy

Creating a marketing strategy will assist in getting to the right buyers quickly.

We will create a prospective buyer avatar and look to market directly to these people.

We will create all of the marketing collateral including an Information Memorandum (IM) which is needed to get the investors interested in buying your business.



6. Market

We will execute the marketing strategy contacting prospective buyers and place the business on all of the best business buying websites.

We will conduct an internal marketing campaign to gain interest via phone, Linked-in, and letters.



7. Offers & Negotiation

We will handle the negotiation of the deal for you and get the best value for the business.

We will be able to demonstrate the value to any prospective buyer as we would have done the work in the previous steps.



8. Legals

We will provide legal documents and structures to make the deal happen. Typically a deal will start with a Letter Of Intent that outlines the deal.

Once the Letter Of Intent is agreed this is passed to a solicitor to draft a Share Purchase Agreement and ancillary documents.

We work with solicitors that work on a contingent basis or a fixed fee.

Any fees will be known upfront before moving forward.



9. Funding

Most businesses are unsold due to issues where the potential buyer is not able to raise sufficient finance.

We will develop a funding strategy that will allow the buyer to raise funds upfront and secure any deferred payments using the strongest legal terms available.



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