HELLO!

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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!
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
<table>
<thead>
<tr>
<th>Research &amp; Analysis (4 - 6 weeks)</th>
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<tbody>
<tr>
<td><strong>Formal Analysis of Business</strong></td>
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<td><strong>Construction of Offering Memorandum</strong></td>
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<tr>
<td><strong>Construction of Buyer List</strong></td>
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<td>Execute NDAs</td>
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Presentation Period

(8 - 12 weeks)
# The M&A Process

<table>
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<tr>
<th>Offer Negotiation (6 to 8 weeks)</th>
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<td>Bid Review/Final Bids</td>
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- **Bid Review/Final Bids**
- **Buyer Selected**
- **Sale Document Preparation**
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<th>Closing (4 to 6 weeks)</th>
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<td>Final Due Diligence</td>
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<td>Sale Closing &amp; Possession</td>
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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