



Setting Up and Surviving a  
Successful Exit

E-Business  
Cluster

September 19, 2007



# Outline

- ⊕ Anatomy of an exit
- ⊕ When to be ready
- ⊕ What to do before you start
- ⊕ Getting to a deal
- ⊕ Surviving due diligence
- ⊕ Closing the door
- ⊕ What happens once the door is behind you



# Anatomy of an Exit

## ⊕ All successful exits have the following:

- A vision
  - » Know what you really want before you start
- A plan
  - » Figure out how to get there and know the path
- Preparation
  - » Be ready, physically, emotionally, corporately
- Negotiation
  - » If you can't haggle, it's a bad deal
- Execution
  - » Make it happen
- Closure
  - » Wrapping it all up.



# When to be Ready

## ⊕ As soon as you start

- Your business plan should include a vision for the intended exit
- Define your targets up front
  - » Expect changes but keep your eye on the end goal.

## ⊕ Let your corporate culture embrace the exit.

- Besides having a culture that promotes growth and business success, ensure your culture matches your vision for your exit.

## ⊕ Embrace the opportunity

- All along the way, through the ups and the downs
- ENJOY THE RIDE!



# What to do Before You Start.

## ⊕ From the beginning

- Always keep it structured and organized
  - » Financials, IP, HR, stock structure, legal
  - » Licenses, contracts, inventory management

## ⊕ Know your strengths and weaknesses

- Do not try to be something you are not

## ⊕ Know your plan

- Refine it as necessary but keep to the vision.



# Getting to a Deal

## ⊕ A deal is a deal – treat it as such:

- Whether an exit is an IPO, buyout, bailout or acquisition, they are all events that set a value on what you have built.
  - » Be prepared to dicker. The starting price is always too low.
  - » It is a negotiation. To succeed you must be prepared to walk away from the table and continue with the business.

## ⊕ Natural progression:

- Interest
- Term sheet
- Due diligence
- Closure

## ⊕ However it is an iterative model, not a waterfall.



# Surviving Due Diligence

- ⊕ **Keep it tight: Loose lips sink ships.**
- ⊕ **Be prepared in advance. Documentation and numbers ready to go.**
- ⊕ **Continue to charge ahead with your business**
  - Take a small team aside to manage the DD
  - Keep the rest focused on day-to-day
- ⊕ **Don't drink the Kool-aid**
  - Keep your mind on the business not on what the exit could be.
- ⊕ **Honesty is the best policy: simple and true is easiest**



# Closing the Door

## ⊕ Be ready to transition

- Have your people ready.
- Have your HR, financials and legal all set

## ⊕ Know the rollout

- Mechanics of deal execution including stock transfers, cash flow, legal and regulatory requirements

## ⊕ Communicate

- To your team, to your customers, to your service providers

## ⊕ Logistics

- Keep an eye on your capital equipment
- Optimize – if doors close sublet, if not look at site amalgamation
- Integrate the new teams ASAP



# Door

## ⊕ Follow up, follow up, follow up:

- Real estate, financials, institutions, legal, regulatory
- Customers, service providers, people
  - All must continue to get paid and get service

## ⊕ Keep the network alive:

- Keep up the communications with the team and the contacts
- Expand the network to include the new facets of business.

## ⊕ Don't forget to say, "Thank you"



Thank You



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