

Acquisition Search **Individual Clients**

Frequently, Grand Avenue Capital is approached by individuals seeking an acquisition of a company. Grand Avenue has assisted individuals who are very focused with specified acquisition criteria, have financial capabilities to initiate an acquisition, and are amenable to having financial partners who will assist in growing the company acquired. Grand Avenue Capital bankers find the following acquisition template and questionnaire useful for individual acquirers.

Acquisition Criteria

1. Industries of interest

- **Defined the major industry and specific business subsets you have an interest in** (try to be as specific as possible.
- Examples: **software**, subset CRM
- **Automotive parts manufacturing**, subset OEM aftermarket parts in electrical component area.....
- **instrumentation**, subset process analytics and water treating instrumentation.....
- **fasteners**, subset aerospace segment

2. Specific examples of companies within the Industries of Interest section

- This will certainly be of interest to the Grand Avenue investment banker who would be engaged to approach, develop discussions, assist in acquisition financing, etc. Specific targets would also speak to the seriousness of the buyer and investor

3. What are the Acquirer's Strengths:

- Management experience in industry of interest
- Marketing
- Manufacturing
- Financial management and control
- Engineering

4. Size and other characteristics of the possible acquisition candidate

- For example, Target will have revenues of \$__X__ million, and EBITDA of \$__Y__ million
- Number of employees
- Share of market
- Any other generic indices of size

5. Geographic Preferences

- Be specific: Orange County..... Irvine.....Southern California.....anywhere west of Mississippi River.....Chicago only.....no preference are you prepared to move?

6. Management profile of acquisition candidate

- Owners are retiring and OK to exit..... owners will remain as partners with you....owners will be *required* for transition
- Management who are not owners.....what are you looking for in terms of necessary strengths.....eg: if you're not a strong marketing person, these skills better be in the target.....

7. Industries/companies/investments of absolutely NO interest

- Specific negatives.....could be no retail, no high tech, no to anything start-up...no restaurants, no real estate, etc. etc. Be very specific regarding those industries in which you have absolutely no interest.

8. Personal capital committed to equity component of acquisition

- How much personal equity are you and your partners planning to invest....size of equity component from you and others can determine the level of the rest of the capital structure, and should be consistent with the size of company. (eg: look at various scenarios of possible capital structure: as an example, \$30m revenues, with \$3m in EBITDA, could translate into a \$12-15+m acquisition....possible leverage on working capital might be \$2.5m, senior term loans might be \$4.0 m on equipment, seller subordinated financing might be \$3.5 m, earnout of \$2 m and your group's equity to \$3+m.....work various scenarios that will help establish the size of company consistent with the risk equity you have available). Personal financial statements should be shared with your advisers soon so that expectations are managed. Liquidity of assets ready for an acquisition is a priority upon starting the process.