

# ELITE'S APPROACH TO SUCCESSFUL ACQUISITIONS CREATING A WIN - WIN OUTCOME

## REALISING SHAREHOLDER VALUE VIA ACQUISITIONS

*Selling your business can be one of the hardest tasks any owner has to face. However, finding the right buyer can make the process much easier. At Elite Group we believe the transaction process should be structured to make it as simple as possible and we have a methodology for doing this. We want the best possible outcome for you and us; it is only when both parties win that the sale can truly be classed as successful.*

At Elite Group you will find a company that you can trust and who will pay the right price for your business. We will respect your customers, suppliers and staff once the deal is done, ensuring the long-term success of the transaction. We pride ourselves on our approach, our working relationships and the fact that we honour our promises.

We make no excuses for having a comprehensive evaluation and thorough due diligence process. This approach means we work through all the "hard questions" together so there are no surprises for either party once the deal is done. The benefit of this approach for you is that you will receive the agreed value for your business when it is due, without the fear of clawbacks or changes once the sale has completed.

Our acquisitions are carefully

considered with. Each one is evaluated for fit against our strategic objectives and supporting our goals of volume growth, introduction of new technologies, gaining of essential skills and people. All of this helps to strengthen our position as a leading provider of unified communications and IT services.

Reassuringly, we don't just buy any business; we focus on the ones where we know all parties will benefit from the transaction.

### The Acquisition Journey

The Elite Group has a tried and tested methodology to acquisitions, designed to provide easily understandable timelines and key milestones for the transaction. We believe the more structured we can make things, the simpler the journey will be - reducing workload, complexity, stress and ultimately creating a better outcome.

#### Step One: Initial Review

Once mutual interest has been established and working under NDA, we will hold initial evaluation meetings with you and your advisors as appropriate. The objective of these initial meetings is to evaluate your business, its fit within Elite and determine a valuation based on the information provided by you. Depending on the complexity of your business, we might have one or several meetings. These meetings are key to developing the relationship between the key stakeholders in each business,

building up trust and a comfortable way of working.

### Expectations

We expect you to be open and willing to engage with us about all aspects of your business. We are also looking to establish your criteria for a successful sale and the outcome you would like to see at the end of the transaction along with associated timelines.

#### Step Two: Formal Offer

At the end of the review meeting(s), we will make a formal offer for your business based on the information disclosed and discussions to date. We will make a genuine offer based on the amount we believe your business is worth. We do not make a practice of offering high then reducing the price once the due diligence process is complete. Success really is dependent on both parties being happy with the transaction from the outset.



**Expectations**

Both parties will know the expectations of the other party and will have a clear understanding of the basis that the sale will be made on and the valuation of the offer. There will be an understanding that once the offer is accepted we will enter into a period of exclusivity and a formal due diligence process will begin.

**Step Three: Heads of Terms**

Elite places great emphasis on well-structured and detailed Heads of Terms (HoTs). This approach makes things easier when we reach the point of creating the Sale and Purchase Agreement (SPA). We aim to encompass as much detail as possible at this early stage to allow it to be incorporated into the SPA, thereby speeding up the process and reducing the need for double working. This also helps keep legal costs in check. Once signed, both parties have a legal framework with which to progress to the due diligence process.

**Expectations**

The transaction will now have a timeline, allocated owners for the various tasks and the respective legal teams will have made contact. All parties will be working to a successful sale under a period of exclusivity.

**Step Four: Due Diligence**

This is the stage where the hard work takes place. We have a comprehensive list of questions covering each department, commercials, customers, technology and dependencies. We will work with you, your advisors and key members of your team as appropriate. The key outcome of this exercise is to validate the information previously provided by you and gain a complete understanding of your business, its commitments and key requirements.

Elite believes the due diligence process is to satisfy both parties that the agreed sale is in both parties interest and that the agreed price is correct. It is not designed to reduce the price already offered.

Working to a structured template, we will issue a list of requirements across all aspects of your business. We will set up a data room (a virtual

area for shared documentation) where all documentation will be held for both parties. We will provide a comprehensive list of financial and commercial questions to answer. We will also want to see copies of all supplier and customer contracts. Throughout the process we will be examining the information provided; evaluating it and asking supplementary questions or for further information where necessary. Typically, if no problems are encountered, the due diligence process will take from one to three months.

**Expectations**

Both teams will share and provide all the information in a timely manner. You should be open about all the information provided and where there are gaps or missing information; we can then discuss how best to address such issues without it delaying the due diligence process.

**Step Five: Sale & Purchase Agreement**

Running in parallel with the due diligence process we will have created a formal sale and purchase agreement (SAP) with an agreed commercial and sale structure. Whilst this will be a substantial document the ground work covered during HoTs will make the process much simpler. The framework from the HoTs will be supplemented with the answers and findings from the due diligence process to produce the final document.

**Expectations**

We will have a finalised offer and terms of agreed with all parties by the end of this stage. As we will have been discussing the terms of sale throughout the due diligence process agreeing the terms of sale document should be a legal formality and nothing in it should come as a surprise. Once this is signed by all parties the deal is complete.

**Step Six: Integration into the Elite Group**

Elite will discuss throughout the due diligence process how we are going to integrate your business into ours. Depending on the structure of the sale and whether you and your management team are going to be working with the Elite team, we will provide a clear pathway for integration. Paramount to this is ensuring



Elite's teams communicate to your employees, customers and suppliers that it will be 'business as usual', why we have purchased the business and how we intend to grow it as part of the Elite Group. We will also appoint an Integration Officer to oversee the process and report on progress to both management teams.

**Expectations**

As the leaders of your business it will be important that you communicate the benefits of the sale to your employees, customers and suppliers. If you are staying with the business it will be time to embark on your Elite journey and work with us to successfully complete the transition. Working in partnership throughout will ensure the best outcomes for both businesses, ensure you, your employees, customers and suppliers are happy to be working with Elite.

**If you would like to discuss our acquisition approach or any aspects of the Elite Group please call Alex Cliffe or Rob Burbidge on 0344 875 8880.**