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Scale-Up Toolkits

11 steps to being successfully acquired

This toolkit includes:

- A step-by-step guide to successfully being acquired
- The CEO's M&A Timetable

www.frogcapital.com/scale-up-methodology

11 Steps to being successfully acquired

Though at times mistaken for an objective in its own right, in reality, value creation is an outcome of building a successful business. A business that is sustainably growing, profitable and cash generative has intrinsic value, whether as an independent private company, a public company or integrated into a larger group. Whilst there is benefit in pursuing early alignment between stakeholders on valuation ambition and exit timing, realising the value created is often difficult to manage to a specific timetable; aim to give yourself options wherever possible.

The CEO's M&A Timetable

Execute against your business plan

T—18/24 months

Establish a list of creditable acquirers and key decision makers.

Meet with these people to determine the strategic fit, the synergy with each, and to build rapport.

Meet with investment bankers active in your space, not to say you are for sale but to gather market intelligence.

Get a realistic sense of what the market will pay for your company and on what basis (e.g. revenue multiple, EBITDA, tech).

T—12 months

Do a due diligence readines test across the business (e.g. legal, finance, tech).

Start pulling together the data room.

Ensure increased level of marketing activity and PR (e.g. constant flow of good news, customer wins, deployment, customer testimonials).

Shortlist bankers and appoint one if and when appropriate. (You may not want or need a banker.)

Ensure the banker can pitch the business as well as you can. Ensure your corporate lawyer is good enough to lead you through M&A or select another.

Get alignment of the board and key shareholders, and set realistic expectations on M&A price. Ensure you will be well funded through the duration of the process.

T—3 months

Try to get a term sheet, even if you don't love the price.

Ensure the banker does their job in terms of maximising the value.

Have a regular weekly or biweekly call to keep everyone informed, and to hold your advisors to account.

Sign term sheet with one party. Ensure any sensitive issues are discussed with the buyer to avoid them being surprised during due diligence.

Complete due diligence.

Close the transaction.

See more at www.frogcapital.com/scale-up-methodology

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