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Exit Point Associates

In preparing for an exit, many businesses choose to strengthen their leadership team by hiring a Chief Financial Officer. For the right business, and the right CFO, that can make a significant difference. But it isn't the right solution for every company.

Lots of businesses considering a sale are doing so because they are already exceptionally well run, with good quality of earnings and sound metrics. They don't need a root-and-branch overhaul. They need an experienced perspective to identify and address the specific issues that can reduce value, slow a transaction or undermine buyer confidence.

Exit Point Associates was founded by Adam Griggs after more than ten years as a CFO in private equity-backed businesses, leading acquisitions, turnarounds and successful exits.

The aim is simple: to help businesses become genuinely exit ready without changing the leadership team.

Having led demanding transactions from the inside, we understand the pressures management teams face when preparing for sale. We also understand what investors, lenders, corporate finance advisers and buyers expect to see.

Our approach is pragmatic rather than theoretical. We focus on the issues that genuinely affect value, deal certainty and management credibility, helping businesses prepare well before the sale process begins.

Every assignment is tailored to the specific business, but the objective is always the same: to maximise buyer confidence and give shareholders the strongest possible platform for a successful transaction.

Our process

Stage 1: Exit Readiness Assessment

The first step in preparing for exit is an honest assessment of where the gaps are. Our initial review includes an assessment of:

- The extent to which management information tells a compelling equity story
- Customer quality, concentration and working capital management
- Stability and resilience of profits
- Compliance
- Sales pipeline and conversion
- Capacity of the organisation to handle a demanding deal process

This review helps build the work programme, ensuring the gaps are closed **before** they are found by the buy-side diligence team.

Stage 2: Value Enhancement

We work alongside management teams to implement the improvements required to strengthen the business before sale.

This may include:

- Improving reporting
- Strengthening controls and governance
- Addressing operational weaknesses
- Enhancing pricing strategies
- Preparing management for the rigours of due diligence
- Building the data room

Our role is practical and hands-on, helping businesses become genuinely ready for market.

With a network of subject matter experts, we can also bring in specialist help where required (for example, IT, HR and sales)

Stage 3: Transaction Support

Deal processes can be a huge drain on internal resource at a time when trading performance is more important than ever. Allowing a transaction to distract the management team from business as usual is one of the biggest single causes of lost value and deal failure.

Having been through multiple acquisitions, fundraisings and exits, we understand the demands that a live transaction places on management.

We provide experienced financial and commercial support to help businesses maintain momentum while responding effectively to buyer due diligence and advisor requests minimising the impact on the management team.

"Buyers rarely walk away because a business is imperfect. They walk away, or renegotiate, when they discover issues that management didn't know about or couldn't explain."

Examples of how we can help

The following are examples of issues that Exit Point Associates can identify and help to address. We would be happy to discuss these, and other ways in which we can add and protect value as your business prepares for exit.

Developing the exit story

Explaining how your business has made money in the past is important. It is even more important to show prospective buyers how they can add further value, whether that is through buy and build, geographical expansion or increasing share of customers' wallets.

Dealing with compliance issues before they are spotted

For example, most people assume that a business is compliant with national minimum wage regulations if it pays at least £12.71 per hour. This is not necessarily the case. Carrying out a proper assessment of minimum wage compliance can avoid costly issues arising later.

Contract risk

Ensuring customer and supplier contracts provide the best possible commercial protection will significantly improve the value of your business. For example, pricing mechanisms that protect your business from the effects of inflation. Exit Point Associates will review key contracts, highlight areas of risk and work with management teams to identify and implement solutions.

Reliability of revenue forecasts

Most well-run businesses understand the detail in their own sales pipeline. Fewer can clearly articulate movements in the pipeline over time and demonstrate sustainable conversion rates exceeding customer churn rates. We help build the evidence before the process starts.

Quality of earnings

Value is driven not only by how much money a business makes, but of the quality of those earnings. For example, if revenue is concentrated on one customer, geographical area, industry sector, or product line, buyers may deem the acquisition too risky.

Frequently Asked Questions

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1. We have appointed a Corporate Finance Advisor. Won't they get us exit ready?

Corporate Finance Advisors (or sell-side transaction support) play an essential role in any exit process. They will help market the business, develop the equity story, prepare teasers and the information memorandum, and lead the negotiations on your behalf. However, they can only market the business that is put in front of them. Exit Point Associates will help identify and rectify any underlying issues before a buyer finds them.

2. When do Exit Point Associates get involved?

The sooner the better. We'll help at any point, but the best results are achieved if 12-18 months preparation time is allowed. This allows time for quality management information history to be built up, compliance and commercial issues to be dealt with and for the equity story to be developed and tested.

3. Shouldn't we just appoint an interim Chief Financial Officer?

This is definitely an option, and is an approach often taken by businesses getting ready for exit. If our Exit Readiness Assessment identifies that there is a lot to do to get a business ready for exit, we may recommend this approach. However, often the work required does not justify the cost and disruption associated with a full-time interim CFO. Low deal volumes over recent years also mean that CFOs with deal experience are hard to find in some areas. Exit Point Associates can build and deliver a work-plan supplementing the efforts of the existing management team.

4. Do we have to sign up for all three stages of the process?

No. If after the exit readiness assessment, you decide to implement the plan without our help, or recruit an interim CFO that's fine. You can use the assessment to inform your work plan. Should you elect to use us to deliver the Value Enhancement work, you can again choose to stop and proceed through your transaction with or without our support.

5. Will your charges affect our exit valuation?

Our work is priced on a project basis. This means that the buy-side will usually accept the costs being treated as an exceptional item that does not reduce adjusted EBITDA and therefore does not impact on the sale price. On the other hand, we are very confident that the value we add or protect will significantly outweigh our fees.

Frequently Asked Questions (cont.)

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6. What are your fees?

Stage 1: Exit Readiness Assessment - Fixed fee depending on the size and complexity of your business.

Stage 2: Value Enhancement – Fixed fees broken down by workstream, depending on what needs to be done

Stage 3: Transaction Support – Either a monthly retainer, a contingent fee based on exit or a combination.

7. What qualifies Exit Point Associates to do this work?

Our experience comes from more than 15 years spent in private equity and privately owned businesses in senior roles, including ten years in the CFO seat.

During that time, Adam Griggs has been involved in refinancing, distressed situations, acquisitions as part of buy-and-build strategies and successful exits (including preparation for an IPO). This experience has been gained in organisations ranging from £20m to £150m+ turnover. Our experience is hands-on and we understand the demands that a deal can place on management teams, as well as the requirements of diligence teams and investors.

8. What can't Exit Point Associates do?

We are not a vendor due diligence provider – our work is purely intended to prepare the business for sale and should not be presented to or relied upon by a buyer or investor. Our insight is provided to the management team to get the business into the best shape possible before exit.

We are also not here to replace the Corporate Finance house in marketing the business, but we will work closely with them to make sure messaging is aligned with reality and that areas of importance are addressed.

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