Acquisition Process
Step Description

1. Valuation
Either a formal business appraisal is done as part of building our client’s memorandum of offering, or an Advisor Opinion of Value is offered based on comparable sales of sold companies, similar to our Client’s, utilizing multiple databases that VR has access to.

2. Target Planning and Research
VR Mergers and Acquisitions, has three channels to reach specific audiences of potential purchasers:

Financial Acquirers – Primarily High Net Worth Individuals or Informal Groups formed to purchase companies without a formal “pool” of capital or funds.
Private Equity Firms – these are professional fund managers with formal funds raised specifically to acquire primarily privately held companies.
Strategic/Corporate Acquirers – Corporate entities both private and public where a client’s company is a strategic match based on the Corporation’s market and financial objectives.
VR M&A reaches all three buyer segments and has developed a set of marketing strategies and tactics to reach each audience of buyers.

Based on our first set of client meetings VR and our client will select one or multiple buyer segments along with an appropriate marketing plan to reach the potential buyers.

3. Knowledge Transfer and building of the Memorandum of Offering
VR conducts all relevant research and collects all relevant company information to construct a view of the opportunity, competitive landscape, financial profile and operating model of the company in order to build the Memorandum of Offering.

4. Execution of the Marketing Plan, potential purchaser qualification and Indication of Interest
VR has different marketing plans to reach all three channels of potential purchasers:

Financial Acquirers –Specific web merger and acquisition and business opportunity sites are utilized to reach those financial buyers that are active in the market. Blind announcements or listings are utilized to protect confidentiality.
Private Equity Firms –we maintain an extensive network of PE firms. Once we understand your company’s goals, we approach all appropriate funds.
Strategic/Corporate Acquirers – We develop with our clients a target list of potential strategic acquirers. We research each company and create a tailored approach, usually by contact in C-level executives by mail and phone. Those
who express an interest are asked to sign a Confidentiality Agreement before disclosing the identity of your company. All potential buyers are qualified at this stage via conference calls between the parties or initial meeting(s).

5. Preliminary Information Exchange
Start of exchange of detailed information leading to later negotiations.

6. Site Visit
On-site visit to verify the company, get a feel for people, systems, operations, potential match between the parties, etc.

7. Negotiation
Combination of face-face and telephone discussions about principle terms of the deal. VR, manages all stages of this process.

8. Detailed Letter of Intent
Creation of a pre-contract. With a number of binding provisions, specific payment terms, definition of retention amounts, all adjustment mechanisms, and stipulation of management roles post closing, this process minimizes legal ‘negotiation’ and cost, ensuring that all commercial terms are documented before legal and accounting time is seriously committed. This document should only be signed if all relevant terms are approved and parties have 90+% certainty of closing the deal. This is probably the most important document in the process. For smaller businesses where a straightforward asset sale is best, VR’s Purchase Agreement and Earnest Money Receipt is utilized.

9. Due Diligence Request and Due Diligence Review
VR creates a formal transaction and milestone schedule for this information exchange and review phase. Targets are instructed to gather relevant information requested, to organize it according to the checklist, and to make multiple copies. On-or-off site review of the due diligence package conducted by key financial, operational, and legal personnel is completed. VR manages the entire process.

10. Definitive Agreement
In parallel with DD above, buyer’s attorney, in support of the LOI, tenders definitive agreement and all support documents. Reservation is made to amend based on due diligence review.

11. Post-Closing Planning
Preparation of first operational actions following closing. Involves understanding of due diligence and all agreed earlier decisions and acts to effect fast, orderly transition of owners and maximum support for customers, suppliers and employees.
12. Board Approval
Review at board of directors of final aspects of the deal and of the commercial rationale for the acquisition.

13. Execution and Closing
Signing of all documents necessary to conclude the transaction and payment of consideration. Third party escrow or closing services are often used.

14. Announcement
Press release, presentation with questions and answers for employees, strategy for communication to all relevant parties – employees, customers, suppliers, bankers, and service providers, this process is a ‘blitz’ effort to maximize everyone’s awareness and to do so in the shortest period possible so that minimal disruption of the business occurs.

15. Post Closing Integration
Execution of first wave of post closing activities to implement agreed actions, designed to preserve the business and then to achieve the controls, growth, and synergies forming the basis for the deal.