



Buy-side Advisory Services

# Buying a Business

## Why use a Buyside Business Adviser?

When buying a business, there are many factors to consider and that's why appointing the right Buyside business financial adviser to guide and support you along the whole journey is imperative.

# Buying a Business

## Why use Jerroms Corporate Finance?

Jerroms Corporate Finance work to mitigate the hassles associated with a business acquisition and to secure the best possible deal for the buyer.

Our team of Buyside advisers have extensive experience across a diverse range of sectors in ensuring all the necessary steps to successfully buying a business are undertaken. We can assist in helping identify potential acquisition targets, performing due diligence on proposed targets, valuing the proposed benefits of the acquisition, raising acquisition funding and negotiating the terms and closing the deal.

Our Buyside program is for entrepreneurs, companies looking for a strategic acquisition, high net worth individuals and private equity firms seeking to identify an appropriate acquisition. We undertake research to locate bespoke acquisition targets meeting their distinct characteristics and specifications.

Our International connections (through the Russell Bedford Group) ensure that we are ideally placed to assist with cross border deals, International tax/laws and regulations and access to finance for multi-currency transactions.

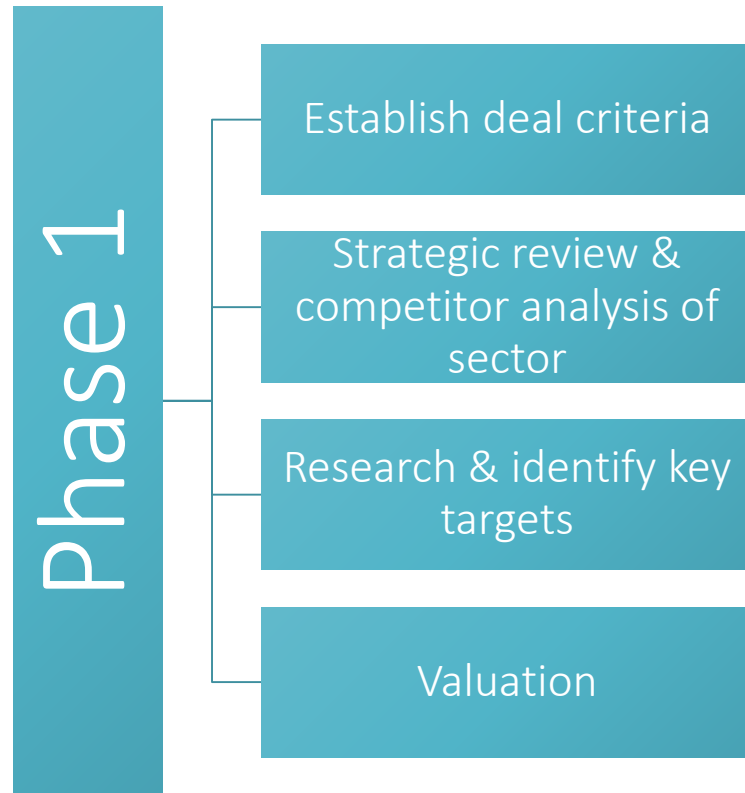
# The Process

Expertise	Deal Searching and Finding	Using the criteria provided, we search and analyse any number of businesses (UK and International) to identify the ones that most closely adhere to the client's guidelines. We then categorise the results into three groups: high, medium and low correlation with the client criteria.
	Evaluation/Valuation/Deal Structure	Having identified potential target(s) we work closely with our clients to assess the likely valuation of the target and an options appraisal of how the deal might best be funded. Where necessary (and under strict confidentiality) we will work with potential funders to secure outline term-sheets to facilitate modelling of financial returns.
Benefits	Approach/Negotiations/HOTs	We will approach potential targets in confidence on behalf of our clients and act as intermediaries during the negotiation phase. At each stage of this process the emerging deal terms will be financially assessed and where appropriate discussed with funders. The outcome of a successful negotiation will be Heads-of-Terms (HOTs) drafted to a level of detail intended to mitigate scope for costly legal disputes.

# The Process

	Due Diligence	Due Diligence is conducted by our experienced team who have extensive experience across a diverse range of sectors. The scope of DD services include financial (full or limited scope), market analysis, tax due diligence, vendor due diligence and investigative due diligence. Our reports address the clients requirements in a clear concise format, highlighting any fundamental concerns, enabling the client to make an informed decision.
	Funding Structure	We provide a full suite of services to assist individual buyers, corporate buyers, MBO and MBI teams to secure the finance that they may need to complete an acquisition transaction including: Assisting with the development of the business plan, information memorandum and forecast models; Determining the optimum financial structure (commercial and taxation) for the deal; Select appropriate Debt and Equity partners from our extensive network and negotiate the best structure and deal for the management, benchmarking terms and pricing.
	Project Management	We project manage the entire deal from start through to completion.

# The Process - Phase 1



Access to many and varied sourcing channels enable us to provide a custom target search



Proprietary Database

Part of the Russell Bedford International global accounting network.

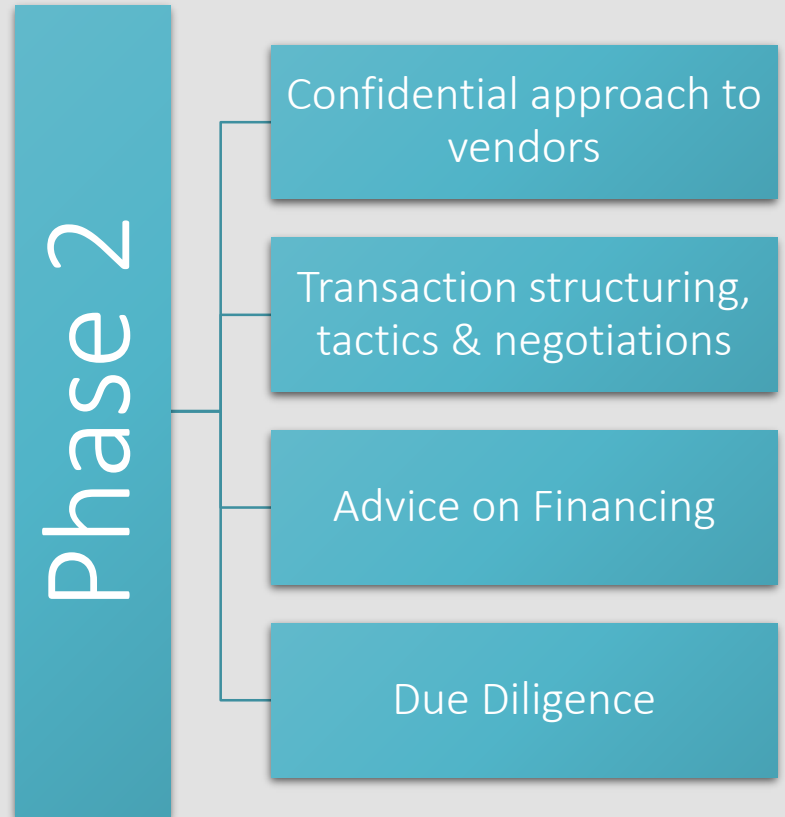
This means that we can confidently offer excellent advice for any international market.

SMEs  
Banks  
Business Angels  
Independent Investors  
Lawyers  
Solicitors  
Venture Capitalists

Able to offer clients the benefit of a combination of international business expertise, global resources and local market knowledge.



# The Process - Phase 2





# Acquisition Due Diligence

Due Diligence is a critical step in the acquisition. It provides an independent assessment of the business from which to make an informed decision.

The Due Diligence investigation is conducted by our experienced team who have extensive experience in a variety of transactions across diverse sectors. Our reports focus on the client's specific requirements in a clear concise format, highlighting any fundamental concerns.

We appreciate the importance of working to a tight timetable which is why we ensure regular two-way communication and agree the scope of the review at the outset. We take great care to deliver reports that reflect our client's needs but at the same time remain objective. If we uncover sensitive or critical issues, we bring these to your attention immediately and work to evaluate the implications and assess how best to proceed.

# Acquisition Due Diligence

Business acquisition due diligence takes a variety of forms and the scope of each project is tailored to the precise needs of the project in hand. Jerroms Corporate Finance offers a wide range of Buyside transaction due diligence services including:

Financial Due Diligence (Full scope and Bespoke)

Tax Due Diligence (Corporate, Personal and International)

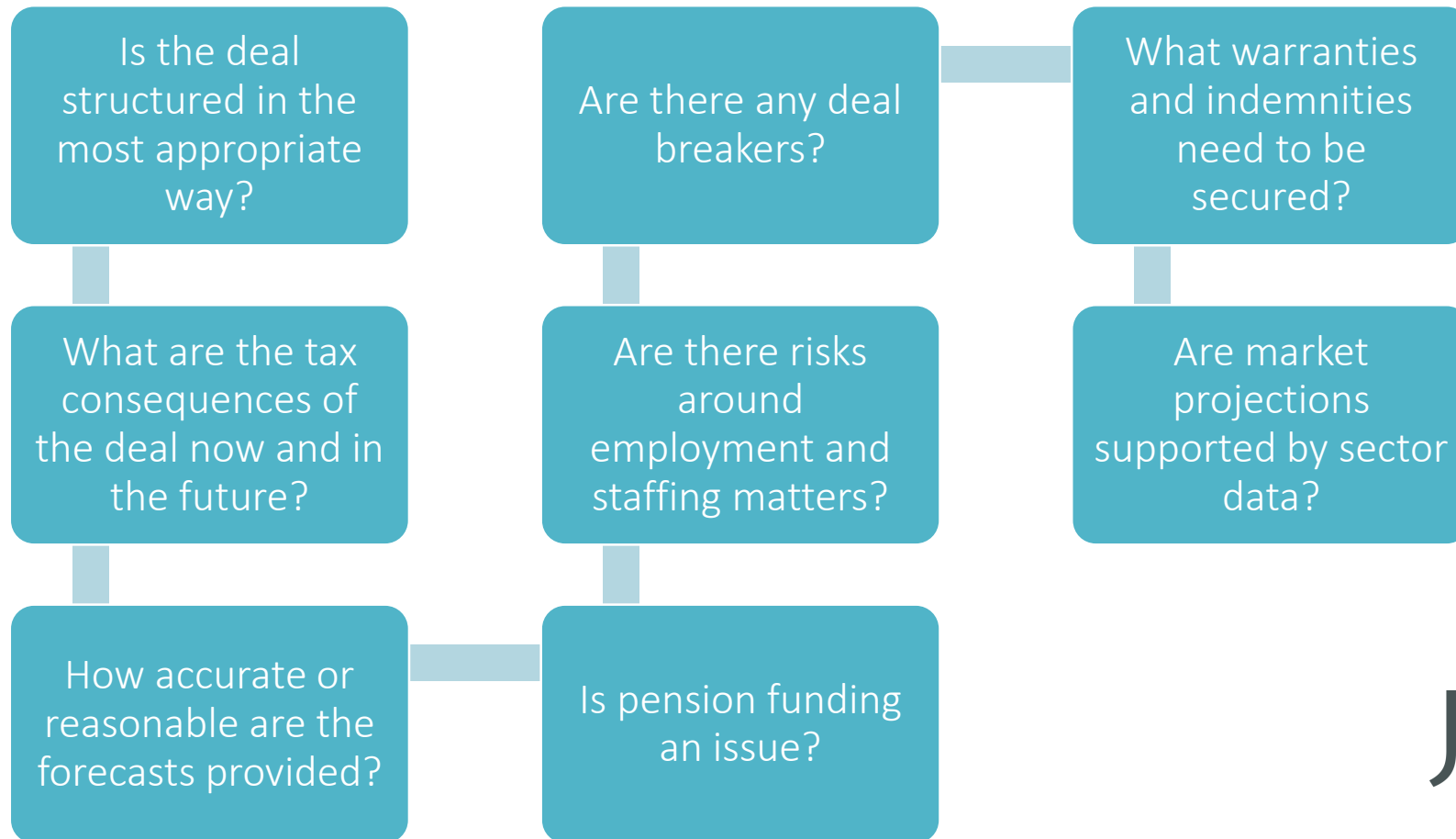
Market Due Diligence (Size, Trends and Competitive Landscape)

Vendor Due Diligence (VDD)

Investigative Due Diligence

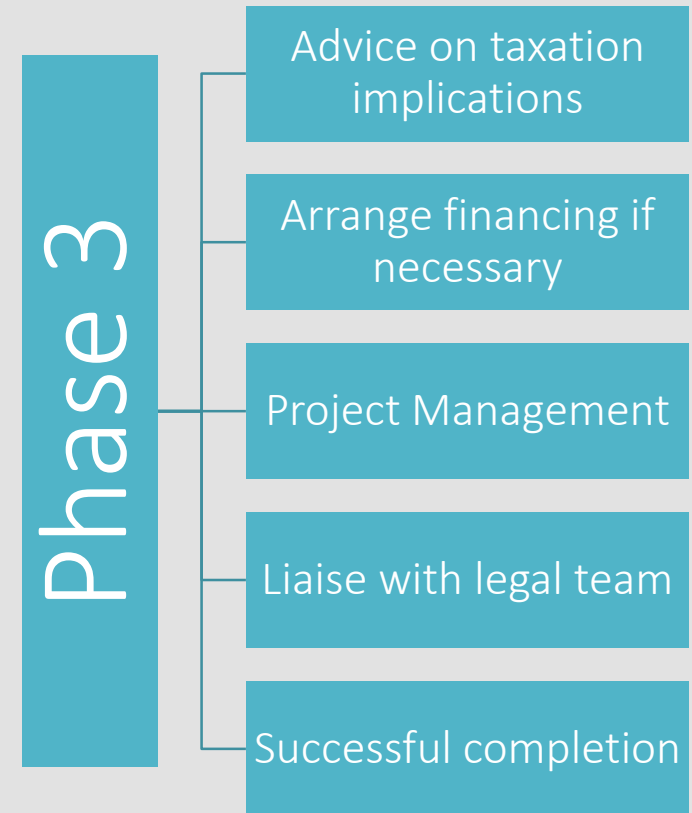
# Acquisition Due Diligence

Acquisition due diligence provides you with reassurance about the business you are acquiring and helps to identify potential risks. The scope of a due diligence review is based on your particular requirements. However, we always aim to address several fundamental questions:





## The Process - Phase 3



# Acquisition Funding Support

There are now more ways than ever to secure acquisition funding. The sources and types of finance have grown more numerous, complex and bewildering over the years and there is no sign that the market is going to get simpler any time soon.

Fear not; it is our job to know the sources of funding available, what they like and what they are less keen on, to advise on the options available, to help to put together the optimum blend of finance and to work together to approach the funding market.

We will determine the optimum financial structure (commercial and taxation) for the deal and help select appropriate Debt and Equity partners from our extensive network and negotiate the best structure and deal.

We are with our clients every step of the way and can help to prepare the reports, business plans and financial forecast models that the funders will require to support the application.

So, if you need to secure more funding for your acquisition, then we can discuss the range of options available and most suited to you.





# Finance Support - The Earnout

An earnout is a financing arrangement for the purchase of a business in which the seller finances a portion of the purchase price, and payment of this amount is contingent on achieving a predetermined level of future earnings. An earnout is often used to bridge a valuation gap. The seller only gets paid if the predetermined level of future EBITDA or other financial targets are achieved.

For example: a seller has a valuation expectation of £15 million, but the buyer thinks a purchase price of £12 million is more appropriate. The gap of £3 million might be bridged by an earnout. The seller could get paid £1 million per year only if a certain EBITDA target is achieved in each of the next three years following the sale.

An earnout can be negotiated, as it is simply another contractual term of the deal. That being said, an earnout will typically range between 10% to 50% of the total purchase price, and will usually not extend past three years.

Earnouts can be negative for sellers if they are not properly defined at the letter of intent stage and/or properly managed throughout the earnout period. While they can produce a higher total purchase price, they are often used by sophisticated buyers to put the risk of future performance back on the seller. They are particularly challenging to measure if the acquired company will be integrated with the buyer's operations during the earnout period. Integration makes it harder to define whether the additional EBITDA was contributed by the acquired company, or as a result of synergies from working within the buyer's overall operations.



Jerroms Corporate Finance

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