



# THANK YOU



- Thank You IBC for sponsoring this great event!
- Special thanks to:
- Derek Lutz, Vice President, Treasury Program Manager
- Ken Skillman, President, Tulsa Region
- David Hardy, Executive Vice President, Commercial Banking



# THANK YOU

# OKLAHOMA Tribal Finance Consortium

- We are particularly grateful for the efforts of Victor Flores, President of the OTFA. Without the tireless efforts of Victor this great event would not be possible.





**MAGELLAN**  
EXECUTIVE PARTNERS

## Building Businesses that Thrive

- Strategic Planning & Implementation
- 'Discover' Process for uncovering acquisition and investment opportunities.
- 'Prepare' Process for prepping your company for sale.

## Growing Leaders worth Following

- Executive Coaching
- Corner Office Peer Groups
- Master Executive Senior Executive Development Program
- L.E.A.D. Emerging Leader Development Program
- Leading UP Employee Development Program



# 14+ Years of Growing Executives and Organizations







# CORTADA

## A Private Equity Investment Group

**Mission:** Identify technology startups at the Series A investment stage that are based in Oklahoma and have plans to grow, employ and invest here in Oklahoma.



# LEADING UP

Magellan's initiative to identify Oklahoma's young leadership talent and then nurture and train them to take leadership roles in businesses and other organizations in the state.



- 40 Years Old.
- The largest transaction broker in the world.
- Specializing in small and medium sized business up to \$500 Million in valuations. Sweet spot is \$1 million to \$50 million.
- 500 brokers operating over 200 offices in 17 Countries.
- Private Business Buyer Registry of over 110,000 qualified business buyers and investors.
- 2,000 transactions per year.





# DISCOVER

A joint program of Magellan Executive Partners and Transworld Business Advisors to help Companies and Investors uncover acquisition and investment opportunities.



# THE DISCOVER PROCESS

- **CURRENT:** Plot investor goals/initiatives/capabilities.
- **REALITY:** Document investment criteria including size, location, industry, and cultural thresholds.
- **IDENTIFICATION:** Uncover companies for sale that fit the criteria.
- **PLAN AND IMPLEMENTATION:** Initiate acquisitions and investments.



# DEVELOPING A STRATEGY

Great strategy answers two fundamental questions:

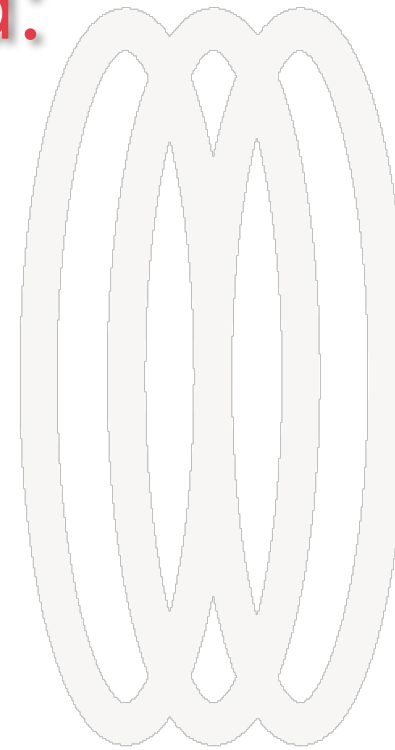
- Where do we play?
- How do we win?



# WHERE DO WE PLAY?

Setting clear 'filters' around:

- Geographies
- Industries
- Business Size
- Investment size





# HOW DO WE WIN?

Setting clear 'filters' around:

- How do we leverage our uniqueness?
- What do we want to do better than anyone else?
- Is there a business 'space' we can own?





## CHARACTERISTICS OF HIGH VALUE COMPANIES

- Number 1 or number 2 in their major markets.
- Sales growing faster than their markets – all dips explained and documented.\*
- Steady profit growth – all dips explained and documented.
- Fully functioning Executive Team that doesn't include the owner.



## CHARACTERISTICS OF HIGH VALUE COMPANIES

- No over-reliance on the top 10 or 20 customers.
- Strong financial controls including audited statements.
- No drastically postponed capital improvements.
- Real Estate separated from the business and paying a market rate lease.



## CHARACTERISTICS OF HIGH VALUE COMPANIES

- If the company requires a large inventory to operate profitably then that inventory must be financed/factored/floor-planned rather than owned and the cost of that working capital ID'd on the P&L.
- Employee recruitment/retention/development plan in place that is robust enough to warrant employees staying through the ownership transition.
- Redundancy in the supply chain.



## CHARACTERISTICS OF HIGH VALUE COMPANIES

- Goodwill/Reputation of the company embodied in the company's product, people and culture and not primarily in the owner.
- Historically archived written business plans that are dated and results documented. Ideally the documentation is in the succeeding BP.



## CHARACTERISTICS OF HIGH VALUE COMPANIES

- Written business plans will include a candid strengths, weaknesses and threats analysis .
- No legal or ethical lapses in the normal course of business. All cash deposited, no environmental damages, no bribery of suppliers or government officials etc.





# HOW TO RANK PROSPECTIVE ACQUISITIONS/ INVESTMENTS

- We have developed a proprietary process for grading out companies
- However, I can share the basic methodology that we use
- Take the 15 Characteristics (or as many of them that apply and assign a 0 to 3 “performance evaluation” to each.
- Example: #1 or #2 in their major market:
  - 3 points for achieving #1 or #2
  - 2 points for #3 or a close #4
  - 1 point for being in the near peers (the rest of the top 10)
  - 0 points for being outside of the top 10
- Example: Sales growing faster than their markets:
  - 3 points for double the sales growth (company growing at 6%, market growing at 3%)
  - 2 points for anything higher than the market growth
  - 1 point for equal to the market growth
  - 0 points for below the market growth
- Example: And so on down the list



## HOW TO RANK PROSPECTIVE ACQUISITIONS/ INVESTMENTS

- After you have graded all of the attributes then you can add up the score
- Once you have a score you can compare that to scores of the other opportunities in your acquisition set or (our approach is to compare that to a larger universe of similar companies to see how they match up)



## WOULD YOU LIKE A COPY OF THE 15 CHARACTERISTICS OF HIGH VALUE COMPANIES?

- Send an email to Gary Schroeder at [gschroeder@tworld.com](mailto:gschroeder@tworld.com)
- I will reply with a PDF copy of this list.
- One time or ongoing consultations with Magellan/Transworld are available upon request
- Call Gary Schroeder at 405-249-3360

Thank  
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YOU!  
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YOU!