The Stony Hill
Company Value Builder Program

Our goal is to maximize our client's value proposition.

To maximize your value proposition in a transition often requires a significant amount of time, and those who do not prepare may end up leaving money on the table. The Company Value Builder (CVB) program is specifically designed to position a company for maximum value in a transition, such as a sale. This program aims to help companies avoid missing out on potential value during a transition period.

The reasons why most companies are not ready for sale. Some of the common reasons include:

1. Dependence on the Owner: If a business is too dependent on the owner, it can be seen as a single point of failure by potential buyers.
2. Poor Financial Controls: A business does not have accurate financial and budget forecasting.
3. Business Problems: If a business has too many problems, debts, or a bad market outlook, it may not be attractive to buyers.
4. Asking Price: An unrealistic asking price can deter potential buyers.
5. Poor Marketing: Inadequate marketing of the business can result in a lack of interest from buyers.
6. Unprepared for the Sale Process: Lack of preparation for the sale process, including due diligence and negotiations, can hinder a sale.
7. Buyer Inexperience: Inexperienced buyers may struggle to complete the acquisition, leading to a failed sale.
8. Flawed Approach to Building Value: Some owners may have a flawed approach to building value in their companies, making them unattractive to buyers.

In summary, a combination of factors, including dependence on the owner, business problems, pricing, and lack of preparation, can contribute to a company not being ready for sale.

This is why most businesses listed for sale do not sell!

1370 NC 24-87 STE 153 - CAMERON, NC 28326

PHONE: 910-476-7404 – EMAIL: INFO@STONYHILLADVISORSINC.COM

What it takes to prepare a business for Maximum value is straight forward and include the following steps:

1. Seek Professional Advice: Assemble a team of advisors, including accountants, lawyers, and business transaction advisors, to guide you through the preparation and sale process.
2. Organize Financial Records: Ensure that the accounting records are accurate and up to date. This includes having clear financial statements for past years and enlisting the help of an accountant or CPA firm to prepare a Balance Sheet and P&L statements and prepare the business tax returns.
3. Assess and Highlight Assets: List and price all physical assets, as well as identify and highlight intangible assets such as contracts, customer relationships, and brand recognition.
4. Define Goals and Objectives: Determine the reasons for selling and what would constitute a successful outcome. This clarity is essential for both the owner and potential buyers.
5. Comply with Regulations: Ensure compliance with any local, state, or federal regulations regarding the sale of the business, including disclosure requirements, tax obligations, and confidentiality agreements.
6. Maximize Profitability: Increase profitability, establish processes, and cultivate a loyal workforce to make the business more attractive to potential buyers.
7. Plan: Develop a clear plan for the future of the business, including strategies to add revenue, create new products or services, and identify new sales channels.
8. Perform a Valuation Analysis: What is your business worth today and what it might look like in the future with proper leadership and financial resources.

By following these steps, a business owner can better prepare their company for a successful sale. It is a lot of work and takes time but in many cases the increased value proposition is well worth it.

Stony Hill Advisors and the CVB program aim to prepare businesses for sale to maximize their value proposition. This involves working with the Stony Hill team to access, position, value, and package the firm for the market. The company specializes in merging and acquisitions, with a focus on providing intermediary services for lower middle market companies and small business entrepreneurs. They emphasize the importance of understanding the valuation process and determining the standard of value to be employed in the valuation. Stony Hill offers a team of experienced professionals, assisting clients in determining the most accurate value for their business through a comprehensive analysis of various factors such as revenue, earnings, and assets.

A typical engagement will be based on a 12-to-18-month schedule based on cooperation in the process. The engagement is based on a modest engagement fee, monthly fee, and success fee.

The first step in the process is to sign a mutual non-disclosure agreement before any financial commitment on your part Stony Hill provides an initial value assessment based on select financial and business information to determine if your business is a fit for our CVB program. There is no obligation if a company is not a fit for the program or is not interested.

A Typical engagement:

Client:

- Company that has been in business for at least 5 years
- Has Gross Sales of $5 million
- Profitable

Stony Hill:

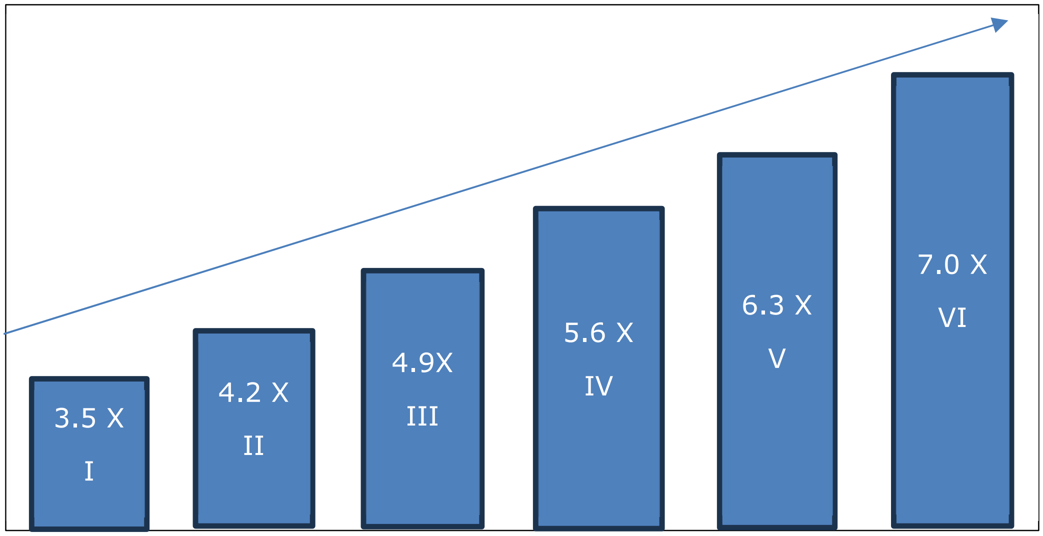
- Initial Analysis pre-engagement

Client & Stony Hill agree to move forward:

- Engagement fee of $7,500
- Monthly fee of $5,000 (typically 12 mo.)
- 4% success fee at closing

Every business owner should be planning their EXIT and positioning the business for maximum value whether the timeline is 1 to 5 years or even beyond.

Company Value Building Scale



In most cases a business's value based on enhancing operations and financial controls can result in a 20% gain in value from 3.5 to 4.2. Further improvement is ensuring the company is run as a business without excessive reliance on its owner which can result in a 20% gain in value from 4.2 to 4.9.

I, II & III require planning to improve on what already exists. To achieve IV, V & VI more effort is needed, and size and profitability matters greatly requiring organic as well as nonorganic growth strategies combined to achieve the goals.