

Corporate Development Revenue Acquisition Model

Are These Your Revenue Challenges?

- ❑ 80% of new customers today are from referrals and networking.
- ❑ Lack of defined customer acquisition model:
 - ❑ Process to cost-effectively acquire new customers; and
 - ❑ Making partnerships effective and revenue producing.
- ❑ Hiring, partnering with results-oriented personnel is difficult.
- ❑ Overcoming committee buy and collapsing sales cycle is an issue.
- ❑ Lack of scale, measurement and metrics, and forecast pipeline.
- ❑ Want to open new branches, but lack of model and proven personnel.
- ❑ Fear of the Unknown: for example: what is cost to acquire revenue?
(Direct vs. referral vs. channel vs. acquisition)

Three Avenues for Growth

A. Corporate Development

- ✓ Step one: Identify targets
- ✓ Goals: Complement management team, sales and services capabilities, expand client base, lower percentage cost of operations, create vertical competence
- ✓ Challenges: Finding right partner, aligned vision roadmap

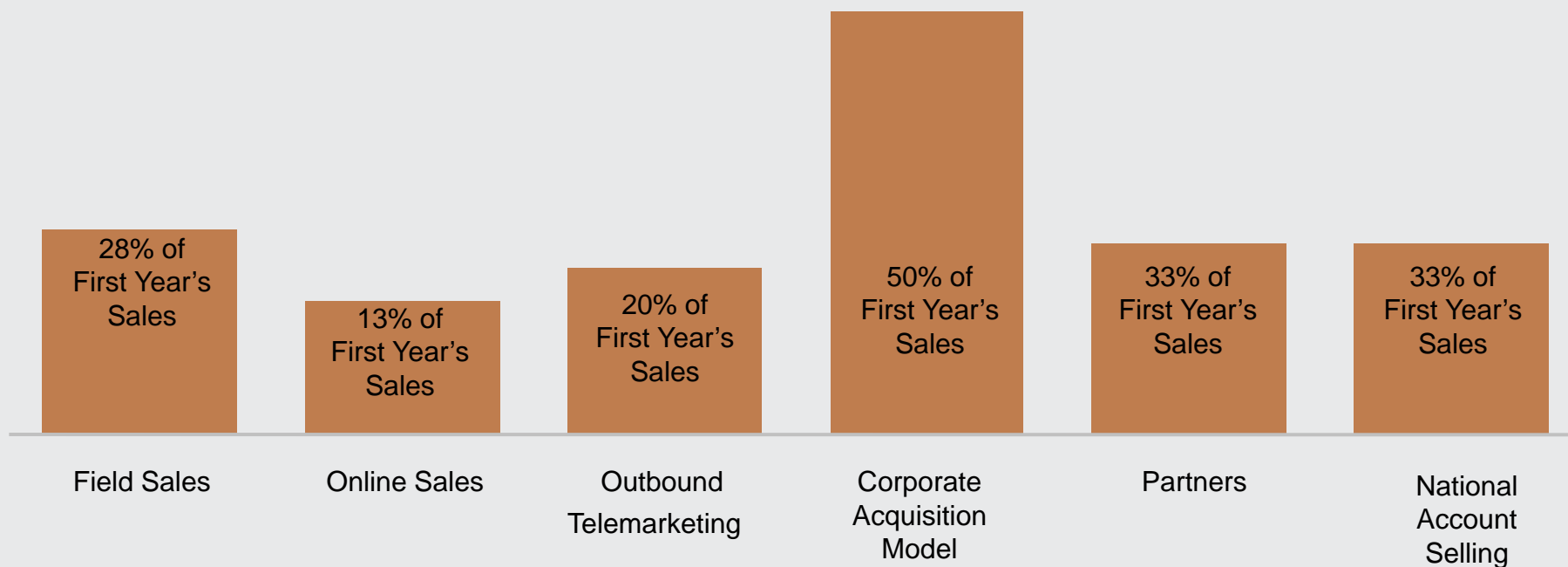
B. Alternative Distribution

- ✓ Step one: Trial Strategic Alliance and Channel Partners
- ✓ Goals: Provide long-term cost-effective revenue platform for expansion
- ✓ Challenges: Identify, initiate, manage, and produce revenue

C. Organic Revenue Development

- ✓ Step one: Create high volume lead environment
- ✓ Goals: Increase lead volume and conversion rates
- ✓ Challenges: Measure/Optimize programs, transform culture from activity to results focus

Corporate Development As A Method for Expansion



Corporate Development Benefits

- More cost-effective than “feet-on-the-street”
 - Expand footprint (geography and/or capabilities)
 - Increase economies of scale
 - Raise valuation multiple
 - Cost-effective talent and management acquisition
 - Integration of best-in-class best practices, capabilities, and competencies
- ▶ 50%+ Growth Minimum Threshold

Is Your Business Investment Grade?

- ☑ Ability to migrate strategic position of the company from \$4M to \$20M in four year period?
- ☑ Scalable, measurable, and repeatable processes?
- ☑ Defined and market validated business model? (30 referenceable raving fans)
- ☑ Functional and domain expertise plus experienced management and growth advisors?

If your firm can check all four boxes institutional investors are interested in your firm.

Strategic Gap Analysis

Attribute	Status
Defined target market	Define which verticals and what type of customer is ideal and how-to best service them
Constituency alignment	Identify growth / exit strategy (Align all shareholders on 2, 5 year and long-term vision/objectives/mission)
Organizational alignment	Near and long-term action plan: Defined goals, metrics, indicators, and management plan
Strategic positioning	Define value-proposition, message, and pitch by title
Performance culture	Process, measurement, accountable, benchmarks, growth-oriented, defined attributes of top performers supported by daily operating metrics and career development
Customer acquisition and service delivery economics	Validate financial model

Corporate Development Process

Research

- Identify market dynamics, size of acquires, and develop profiled list
- Determine feasibility and rank

Financial Engineering

- Determine valuation methodology, valuation multiples, and financial economics
- Develop short-list of investors

“Productize Offering”

- Consistent story and value-proposition for industry, acquire and its clients
- Proven integration methodology

Identify Interested Parties

- Check qualification and initial due diligence checklist
- Deliver LOI
- Confirmatory due diligence

Execute Purchase Agreement and Funding

Perform Integration Plan

Corporate Development Results

- As a result of the “RESEARCH” efforts and Board approval; growth thru acquisition was determined to be a “value creator’ thru utilization of the management talent.
- Identified 86 potential targets around six MSA regions.
- Determined size, scope, and feasibility of each acquire.
- Ephor Group “stacked ranked and handicapped” these potentials.
- Met and issued Letter of Intent for 8 transactions.
- Integration:
 - Involvement and roles defined; and
 - 270 day process-driven, measurable metrics-driven plan implemented.

Results:

- ✓ Completed 80 phone interviews of the 86 potentials, with 9 Ephor industry contacts providing salient information.
- ✓ Identified \$169M in revenue across 29 non-strategic representing \$85M, 32 potential “regional managers” representing \$13M, and 25 acquirable targets representing \$70M revenue.
- ✓ Group acquired 4 targets representing \$15M and entered into agreements with 4 “regional managers” to date.

Summary

Market Need	Ephor Group	Internal Team	M&A Broker
<input type="checkbox"/> Identify underlying issues as well as alignment	✓	Narrow Functional or Domain Perspective	Partially
<input type="checkbox"/> Identify, rank, and make introductions	✓	Not Core Competence	YES
<input type="checkbox"/> Creating a seller and negotiation track-record	✓	Depends	YES
<input type="checkbox"/> Project Manage Action Plan	✓	Depends	NO
<input type="checkbox"/> Capital	✓	Depends	NO
<input type="checkbox"/> Proven Model backed by Skills and Experience	✓	NO	NO
<input type="checkbox"/> Integration expertise (financial, operational, cultural/workforce) to ensure execution against targets	✓	Depends	NO

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