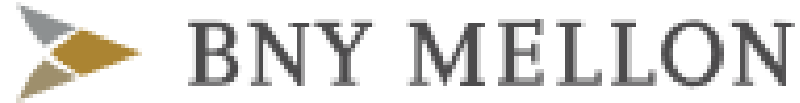


EXIT PLANNING CONSULTING

December 29, 2018

Presentation For:



® Registered Trademark of The Bank of New York Mellon Corporation

Preparing Businesses For Sale

The Mission:

1. PMI Advisors optimizes the business value in preparation for the sale/recapitalization and coordinates the multi-disciplinary teams.
2. Investment Bankers facilitate the transactions.
3. BNY Mellon Wealth Management manages the Sellers' proceeds.
4. Other divisions of BNY Mellon will have improved access to both the Sellers' and Buyers' organizations and employees to provide numerous additional services.



We Help Create, Protect and Optimize Enterprise Value™

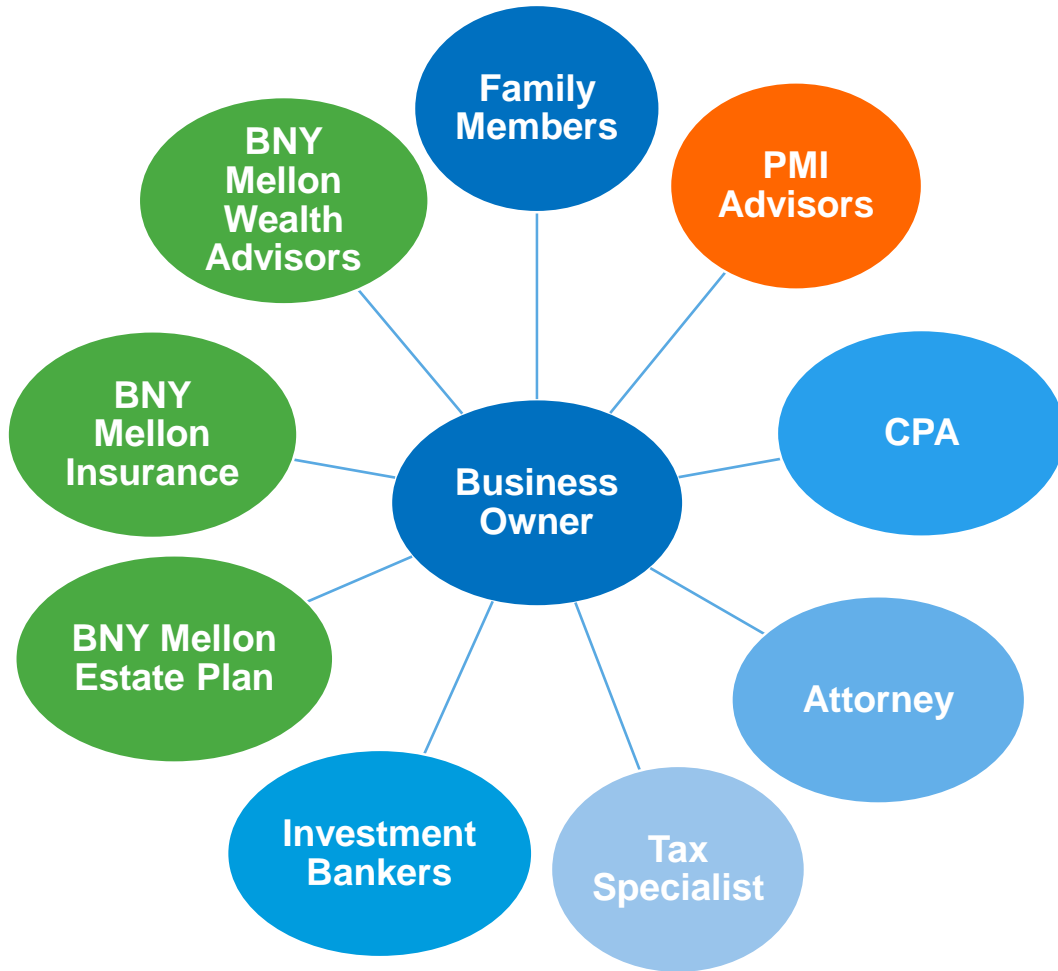


Outline

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Transition Team



- Tax Planning
- Legal Compliance
- Financial/Wealth Planning
- Insurance
- Intellectual Property Issues
- Business Valuation
- Estate Planning
- HR & Succession Issues
- Equity Capital Raising
- Business Transition Broking Issues
- Strategy & Value Creation (For example, social media, advertising, marketing, sales training, messaging, planning)
- Shareholder Alignment & Timing
- Personal / Executive Coaching / Psychology & Family Dynamics
- Personal Wellness / Fitness

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Business-Owner Clients

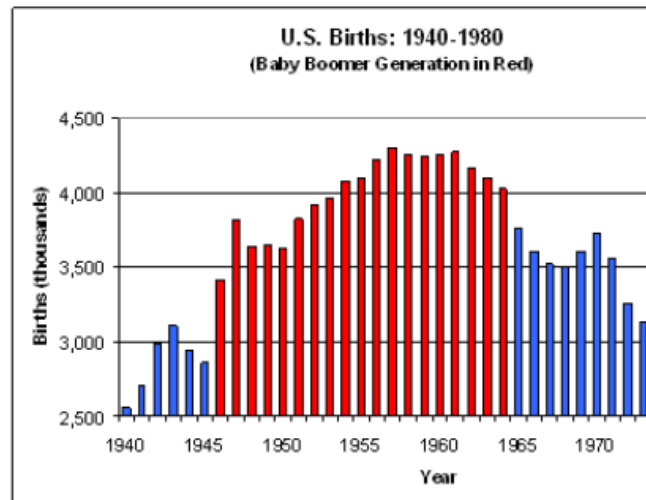
- **Our target market is “Silver Tsunami” Baby Boomer Business Owners with annual revenues >\$25 million. However, businesses with revenue of at least \$5 million will benefit from our services.**
- **Statistics show that over 70% of Business Owners' assets are typically locked up in their businesses.**
- **In robust economic times, the majority of businesses that go to market don't sell, leaving those Owners without solid options.**
- **In a slowing economy, it is all the more important that Owners/CEOs be “ready” with an attractive business to greatly increase the odds that they will find buyers.**
- **We work with Owners/CEOs to approach the exit strategy with the same focus and drive that helped to build their businesses.**



The “Silver Tsunami” – Baby Boomer Age Wave

Baby Boomer Characteristics

- SHEAR SIZE
- CRISIS GENERATION
- NOT ENOUGH JOBS SO STARTED BUSINESSES
- MOST ENTREPRENEURIAL IN HISTORY - 1 OUT OF 3 CREATE BUSINESSES
- RISK TAKERS
- RE-INVENT THEMSELVES OVER AND OVER
- PLEASURE
- LIVE FOR NOW!



Age Wave

- First boomers turned 65 in 2011; 10,000 turn 65 everyday; the youngest are now 50.
- Own 63% of the private businesses in U.S.
- 80-90% of their wealth is tied up in their businesses
- EPI recent survey confirms: 76% plan to transition over the next 10 years; 48% in the next 5 years
- Represents a transfer of 4,500,000 businesses and over \$10 trillion of wealth

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Business Exit Challenges

Challenge #1

50% of exits are not voluntary

- Death
- Disability
- Divorce
- Distress
- Disagreement

5 D's

▶ All of the above are contingencies that can be planned for

Challenge #2

- Owners are leaving \$ on the table because they are focused on income generation; not focusing on enterprise value
- Income does not automatically translate to value
- Most businesses are not salable and do not make it through the second generation

Types of Sellers

Compare to Selling a House

Get Out Now



Quick Fixer

Real Estate
Painting/Gardening

Business

- Policies & Procedures
- Contracts
- Management financials
- Systemize the business
- Systemize marketing metrics
- Document IP and assets
- Customer testimonials &
- Business awards
- Simple expense reduction

Renovator

Real Estate
Knock out walls/Build up

Business

- Recruitment
- Strategic direction and plans
- Better marketing
- Sales force training
- Marketing strategies
- Product positioning
- Product extension
- Market extension
- Clear messaging
- Short term profit improvement
- Patents/trademarks
- Major expense reduction

Developer

Real Estate:
Zoning/major development

Business

- Major company reinvention
- Acquisitions
- Equity/financial expansion
- New products
- New markets
- Business model review & re-align
- Re-branding Business and marketing strategies
- Management succession

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Deal Readiness® Methodology

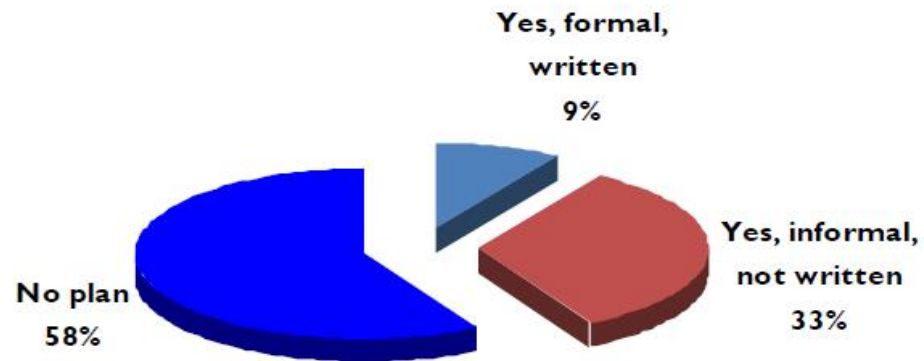


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Exit Strategy = Business Strategy

There is a direct correlation between written plans and business performance

Have you prepared a Transition/Succession Plan?

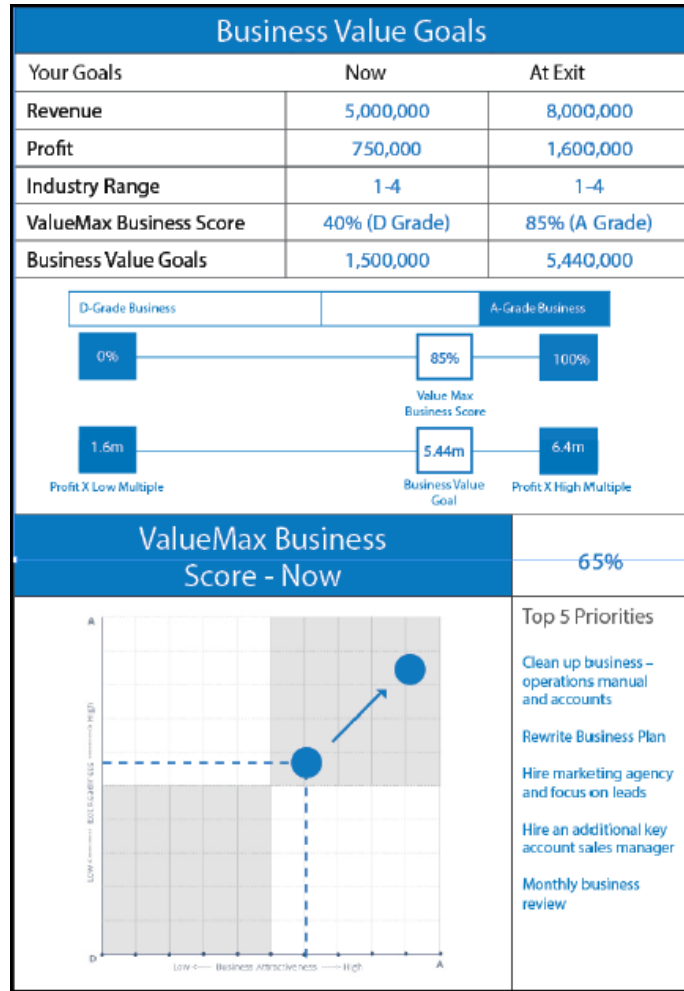


502 private business owners
\$1MM to \$100MM in revenue
Palladium Group Survey in 2007

Exit Strategy = Business Strategy

- ▶ Exit Strategy is about creating, harvesting, and preserving family wealth for generations to come.
- ▶ It is about implementation of good business practices.
- ▶ Focusing on enterprise value drives positive outcomes for all including better lifestyle.
- ▶ Investment is justifiable with growth of enterprise value as the goal.
- ▶ Working as a team uncomplicates the process and improves the experience for owners.

Business Value Goals (PMI Advisors)



Over 150 Questions in 20 Functional Areas to Perform a Deep-Dive Assessment

<p>ATTRACTIVENESS SCORE _____ ☒</p> <ul style="list-style-type: none"> <input type="checkbox"/> Business Factors ☒ <input type="checkbox"/> Forecast Factors ☒ <input type="checkbox"/> Market Factors ☒ <input type="checkbox"/> Investor Considerations 	<ul style="list-style-type: none"> <input type="checkbox"/> Employee & Management Issues <input type="checkbox"/> Finances ☒ <input type="checkbox"/> Management Systems ☒ <input type="checkbox"/> Company Documentation ☒ <input type="checkbox"/> Intellectual Property ☒ <input type="checkbox"/> Customer Contracts ☒ <input type="checkbox"/> Expense Contracts ☒ <input type="checkbox"/> Personal Knowledge ☒ <input type="checkbox"/> Systems Processes ☒ <input type="checkbox"/> Compliance Issues ☒ <input type="checkbox"/> Profit Improvement ☒ <input type="checkbox"/> Government Grants ☒ <input type="checkbox"/> Revenue Drivers ☒ <input type="checkbox"/> Product Strategies
<p>READINESS SCORE _____ ☒</p> <ul style="list-style-type: none"> <input type="checkbox"/> Value Expectations ☒ <input type="checkbox"/> Personal Expectations ☒ <input type="checkbox"/> Shareholder Goals ☒ <input type="checkbox"/> Payment Considerations ☒ <input type="checkbox"/> Value Readiness ☒ <input type="checkbox"/> Creditability and Justification <input type="checkbox"/> Brand Issues ☒ <input type="checkbox"/> Marketing Doc & Systems 	

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Personal & Financial Goals (BNY Mellon Wealth Advisor)

Personal & Family Goals	
Shareholder & Alignment 25%. Yes shareholders agree	Est Net proceeds of Exit 4.44m business / 1.11m Johns
Desired Future Income 200,000 pa	Personal Net Assets at Exit 1,000,000
Est Future Income 105,500 pa (est 5% combined)	Combined Assets 2,110,000
Wellness Now	Wellness After
Activities/Plans Start jogging/Hiking Play Golf once a week Drink Less Create a regular day per week to have dinner with kids "one on one"	Activities/Plans Start thinking about property development for manage after exiting. Learn a language for extended trip in Europe.
ValueMax Personal Score - Now 65%	
	<p>Top 5 Priorities</p> <ul style="list-style-type: none"> Investigate tax strategies Look at more aggressive wealth management. Play Golf Start walking everyday Buy an investment property

Baseline for the Development of a Comprehensive Financial Analysis

WELLNESS POST EXIT <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <input type="checkbox"/> Emotional Factors <input checked="" type="checkbox"/> <input type="checkbox"/> Personal Planning <input checked="" type="checkbox"/> <input type="checkbox"/> Personal Expectations <input checked="" type="checkbox"/> 	<ul style="list-style-type: none"> <input type="checkbox"/> Achievement <input checked="" type="checkbox"/> <input type="checkbox"/> Values <input checked="" type="checkbox"/>
WELLNESS OTHER <ul style="list-style-type: none"> <input type="checkbox"/> Personal Blocks <input checked="" type="checkbox"/> <input type="checkbox"/> Work <input checked="" type="checkbox"/> <input type="checkbox"/> Health <input checked="" type="checkbox"/> <input type="checkbox"/> Finance <input checked="" type="checkbox"/> <input type="checkbox"/> Fun & Recreation <input checked="" type="checkbox"/> <input type="checkbox"/> Friends and Family <input checked="" type="checkbox"/> <input type="checkbox"/> Romance <input checked="" type="checkbox"/> <input type="checkbox"/> Environment <input checked="" type="checkbox"/> <input type="checkbox"/> Learning <input checked="" type="checkbox"/> 	PERSONAL & FAMILY WEALTH <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <input type="checkbox"/> Wealth and Financial Management <input checked="" type="checkbox"/> <input type="checkbox"/> Business Value and Personal Wealth <input checked="" type="checkbox"/> <input type="checkbox"/> Personal Cash Flow and Budget <input checked="" type="checkbox"/> <input type="checkbox"/> Tax & Investment Strategies <input checked="" type="checkbox"/> <input type="checkbox"/> Debt Management <input checked="" type="checkbox"/> <input type="checkbox"/> Risk Management – Life & Disability <input checked="" type="checkbox"/> <input type="checkbox"/> Estate Planning <input checked="" type="checkbox"/> <input type="checkbox"/> Financial Planning Advisor <input checked="" type="checkbox"/>

Deal Readiness Rating® - Assessment

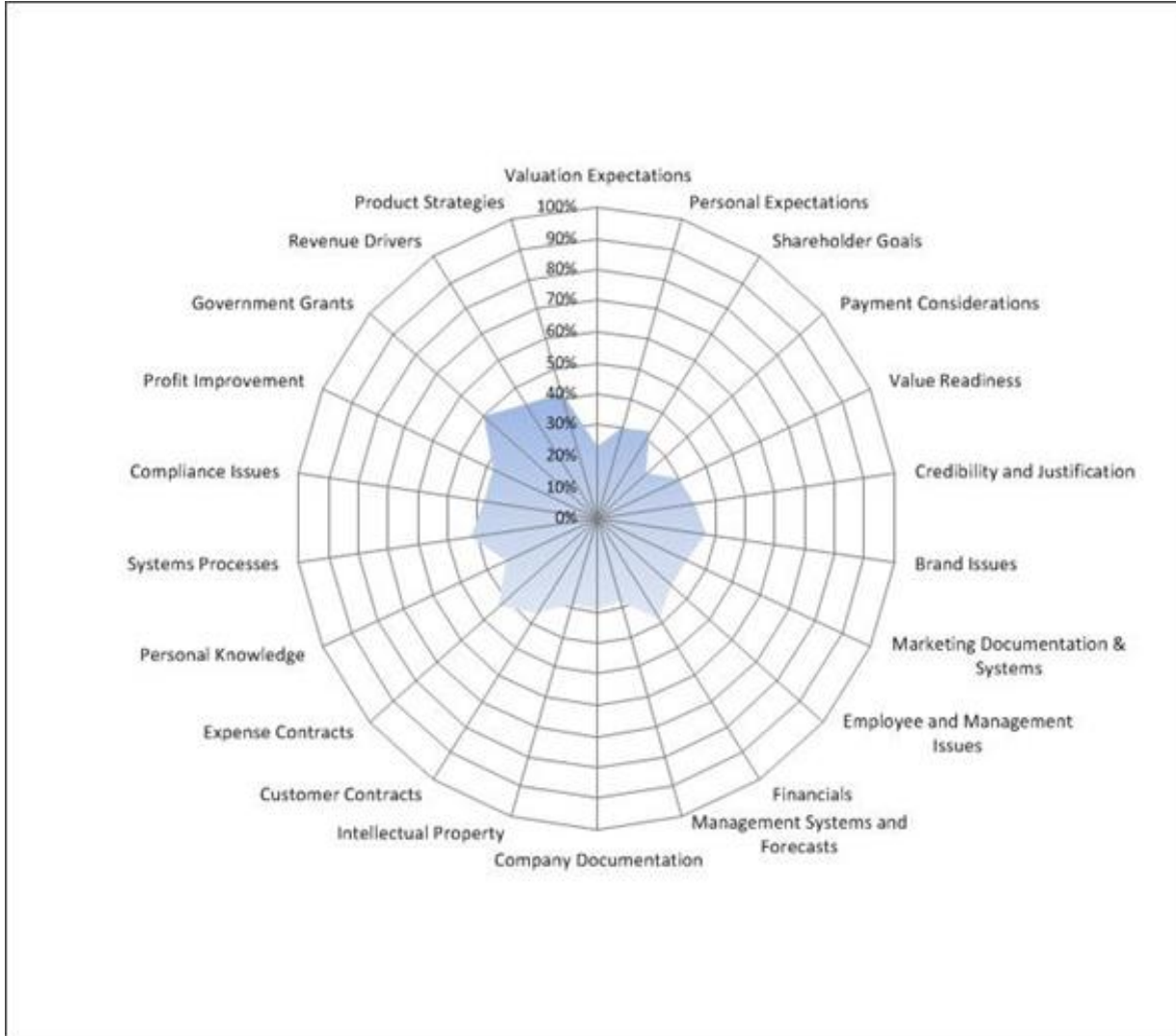


Business Operations/Risk Assessment

We interview the Owner/CEO and senior management (optional) for input on over 20 functional areas, including HR, IT, Legal, Financial and Operations, to name a few. We then combine this information with financial analysis to build the Business Operations/Risk Assessment Report.

With this +60 page report, you are able to establish a clear definition of the current business health so that those shortcomings can be improved before launching the sales process.

The Assessment Report



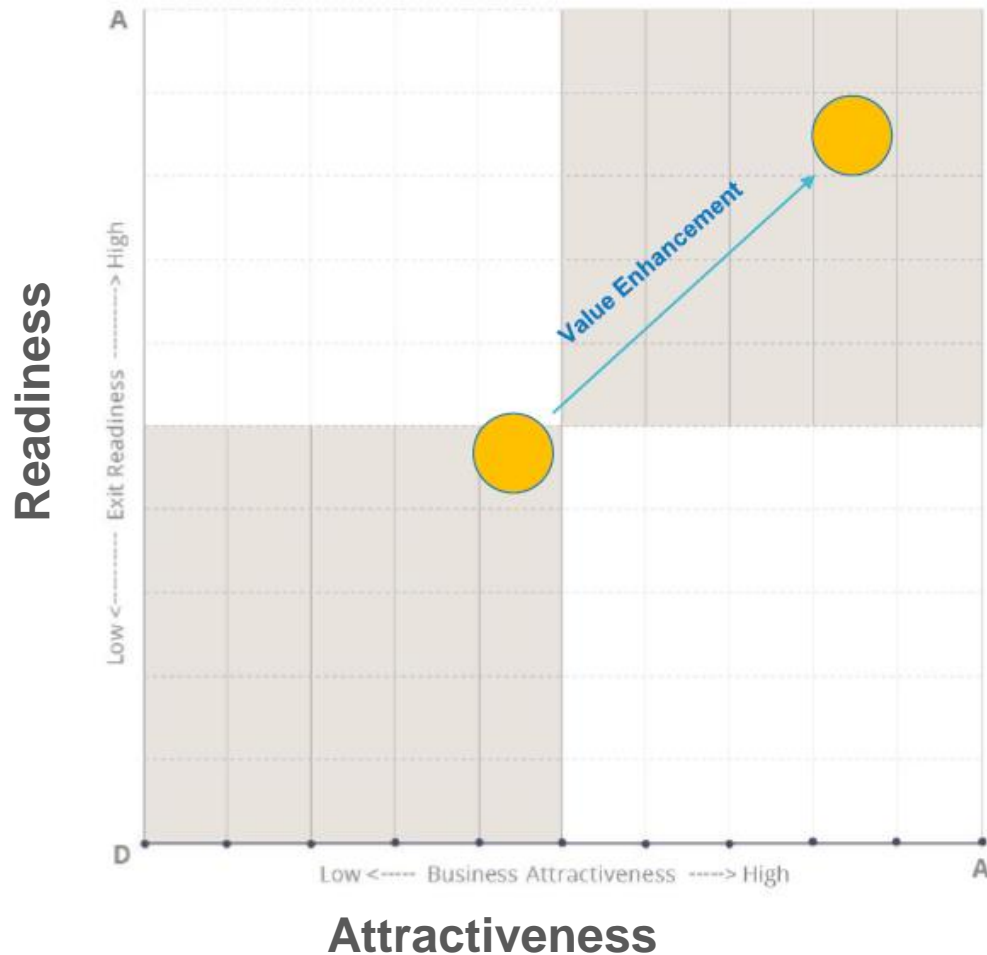
The Assessment Report

In addition to the narrative, the Assessment Report present the findings and analysis in a graphical format that is easily understood.

	Answer	Best Answer	Score	
Valuation Expectations 😞			23%	
Business Valuation	1	6	17 %	✗
Satisfaction with Valuation	2	6	33 %	✗
Value Improvements	1	6	17 %	✗
Time Frame	1	6	17 %	✗
Transition Period	2	6	33 %	✗

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Business Value Optimization – Risk Mitigation

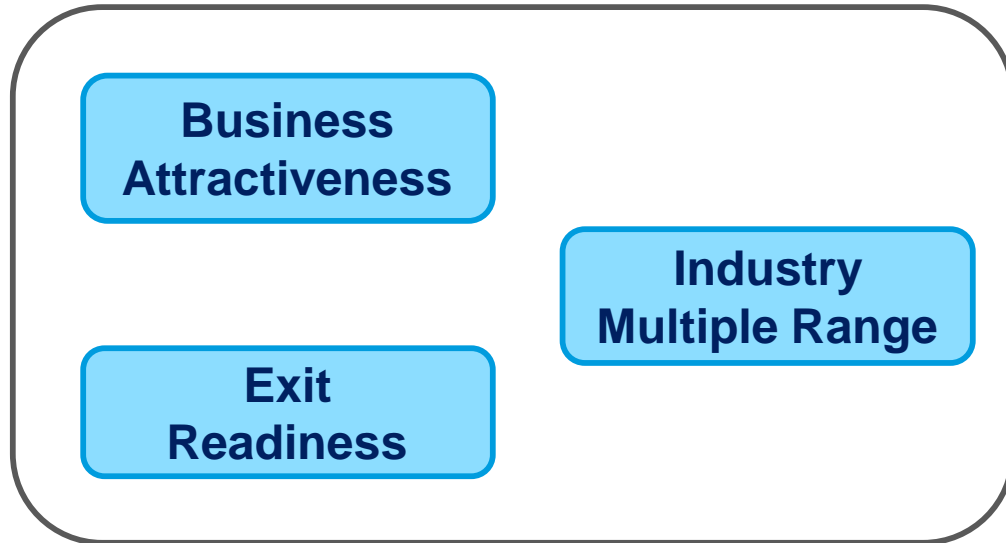


Benefits of Being Ready Without Wanting to Sell

- ▶ Good business practice
- ▶ Serves as a contingency plan
- ▶ Non solicited offers do happen
- ▶ Increases annual income and value

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Business Value Goal



This Methodology is to demonstrate the effects of Attractiveness and Readiness upon a Business Value Goal... Not to determine an absolute Business Value.



Attractiveness

How attractive is your business compared to all other businesses in your industry to a potential buyer/investor?

Readiness

If we had a team of lawyers, accountants and managers examine everything from your policies, tax returns to marketing. Would you still look as good?

- A Grade > 85%
- B Grade > 75%
- C Grade > 60%
- D Grade < 50%

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Readiness Assessment Review

Multiple Shareholder Comparison Results

	Shareholder John Fredrickson	Shareholder Mary Fitzgerald	Shareholder Fred Macarthy
Result	71% 😊	69% 😞	65% 😞
Business Factors	85% 😊	85% 😊	70% 😊
Years of Business Operation	100% ✓	83% ✓	83% ✓
Management Strength	83% ✓	67% ✗	67% ✗
Customer Loyalty	67% ✗	100% ✓	50% ✗
Branding	100% ✓	67% ✗	50% ✗
Customer Database	100% ✓	67% ✗	83% ✓
IP & Technology	83% ✓	100% ✓	83% ✓
Staff Contracts	67% ✗	83% ✓	100% ✓
Location	100% ✓	100% ✓	67% ✗
Business Owner Reliance	67% ✗	83% ✓	50% ✗
Marketing Systems	83% ✓	100% ✓	50% ✗



Company Shareholder Alignment



Shareholder Alignment

- When they will sell
- Who they will sell to
- How long they are prepared to work in the business after the exit transaction is completed
- Whether they would be prepared to settle for part payment or shares with bonus incentives or whether it should be cash
- Staff or other stakeholders' potential proceeds of the sale, so an estimated net proceeds calculation can be done for each shareholder/owner

Emergency Operations Plan

What an Emergency Operating Plan (EOP) is and is not...

One of the first steps in de-risking the business is to develop an Emergency Operations Plan (EOP). For a closely-held business, this is usually a high-level 2-4 page document that informs key people, advisors, and family members about how the business will operate when the person currently in charge is not available.



- **Provides specific steps** for what to do if the Owner/Operator cannot work for a stated period of time.
- **Addresses operations and not ownership:** A Buy-Sell Agreement addresses ownership issues.
- **Identifies who takes over** the Owner/Operator's and other employees duties resulting from triggering events.
- **Identifies what the authority** of senior team members: hiring, firing, check writing, etc.
- **Points out when an outside operator** should be considered.
- **Outline considerations of whether the business should be sold to an insider or third party.**

Business Continuity Plan Development

Continuity planning is an important tool for risk management as it provides a structured way to identify the sources of business disruption and assess their probability and harm.












Effective business continuity planning is a process that moves through five major steps. These steps have key planning activities associated with them and are best described as:

- Threat Assessment
- Identify Critical Functions
- Business Impact Analysis
- Prevention and Mitigation Planning
- Implement and Maintain the Plan



Strategic Plan Development

Strategic Plan Sections

- ▶  Executive Summary
- ▶  Business Analysis
- ▶  Sales Analysis
- ▶  Market Analysis
- ▶  Competitor Analysis
- ▶  SWOT and Objectives
- ▶  Marketing Plan
- ▶  Production Plan
- ▶  Human Resource Plan
- ▶  Financial Strategies
- ▶  Financial Statements

Strategic planning is a disciplined effort that produces fundamental decisions and actions that shape and guide what an organization is, who it serves, what it does, and why it does it, with a focus on the future.


Effective strategic planning articulates not only where an organization is going and the actions needed to make progress, but also how it will know if it is successful.

- Set priorities
- Focus energy and resources
- Strengthen operations
- Ensure common goals of employees and stakeholders
- Establish agreement around intended outcomes/results
- Adjust the company's direction with a changing environment

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Detailed Action Item Reports

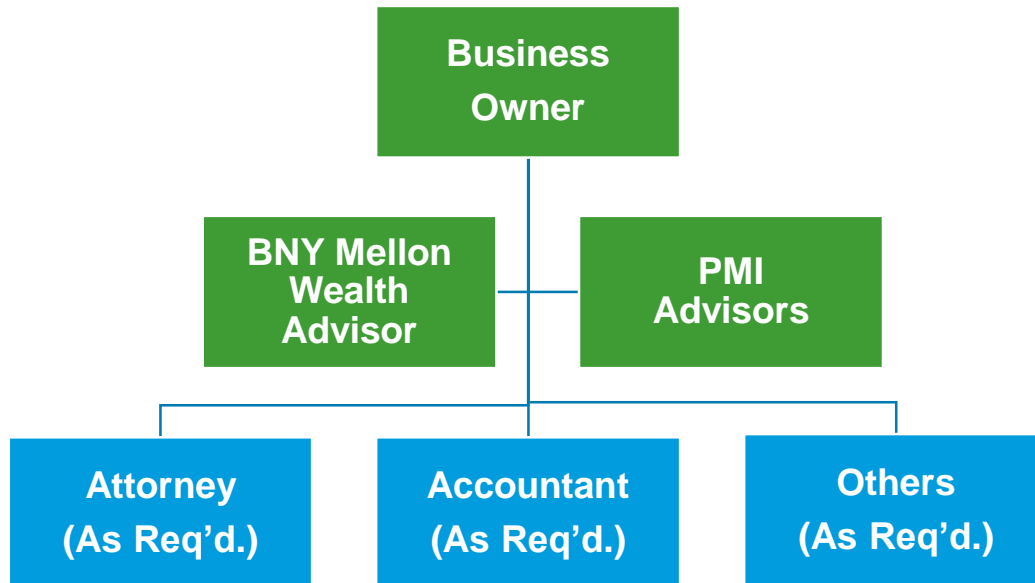
MediSynd **ACTION ITEM REPORT**



CATEGORY	TOPIC	ACTION	NOTES	WHO	WHEN	COMPLETE
Brand Issues	Desirable Brand for Purchasers	Determine whether the brand could be undesirable to certain potential purchasers.				33%
Marketing Documentation & Systems	Systemised Marketing	Make your marketing look systemized and easily replicable to a prospective new business owner.				33%
Marketing Documentation & Systems	List of Past Advertising	Develop a list of past advertising and promotional campaigns.				33%
Marketing Documentation & Systems	Past Sales Letters	Produce and file copies of past sales letters and promotional material.				17%
Marketing Documentation & Systems	Success of Campaigns	Start monitoring the success of sales and marketing campaigns so that you have a record of past				50%
Employee and Management Issues	Business Reliance	Examine whether your business appears or is in fact reliant on a single person.				33%

Monthly coordination meetings attended by members of the Board of Advisors and representatives of the project team are essential in maintaining the communication channels established during the schedule development. Procedures are established for obtaining information and approvals at all levels.

Board of Advisors



A Board of Advisors is composed of accomplished experts offering innovative advice and dynamic perspectives, providing non-binding strategic advice to the management of a company.

The informal nature of an Advisory Board gives considerable flexibility in structure and management to address issues and growth options.

The composition of the members of the Advisory Board may change periodically, depending upon the needs of the business.

Monthly Review Meeting – Board of Advisors



Performance



Comparisons

Financial Year (Jul-16 to Jun-17)	Actual	Last Year	% Last Year	Last FY (Actual)	YTD (Actual)	YTD (Actual)	YTD (%)
Revenue	\$102,046	\$150,030	68%	\$1,357,276	\$282,990	\$322,078	88%
Profit	-\$4,302	\$38,361	-11%	\$72,271	-\$7,761	\$11,577	-67%
New Customers	700	717	98%	5,039	1,200	2,151	56%
Conversion Rate	-4,301.55%	38,361.2%	-11%	6,022.64%	-2,586.88%	1,859.07%	-67%
Inbound Leads	102,046	150,030	68%	1,357,276	282,990	322,078	88%
Google Clicks	300	4,000	8%	4,000	500	4,000	13%
Web Visitors	10,000	10,000	100%	10,000	10,000	10,000	100%
Product Returns (\$)	\$400	\$0	100%	\$0	\$400	\$0	100%
Product Returns (%)	500	0	100%	0	500	0	100%
New Product Sales	222%	0%	100%	1%	111%	0%	100%
Inbound leads	200	0	100%	0	200	0	100%
Pr Releases	0	0	100%	0	0	0	100%

KPIs

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Pricing – Deal Readiness® Methodology



Service	Cost Range	Notes
Deal Readiness Assessment	\$5,000 - \$20,000	1 month
Emergency Operations Plan (EOP)	\$1,000 - \$3,000	1 month
Strategic / Action Plans	\$15,000 - \$25,000	1-2 months
Business Continuity Plan	\$5,000 - \$35,000	1-2 months
Monthly Advisory Board Meetings	\$2,500 - \$5,000/month	6-24 months
Special Projects – SMEs Available	\$10,000 ea. - \$100,000 ea.	IT, HR, Legal, Mkt./Sales, Mfg., etc.

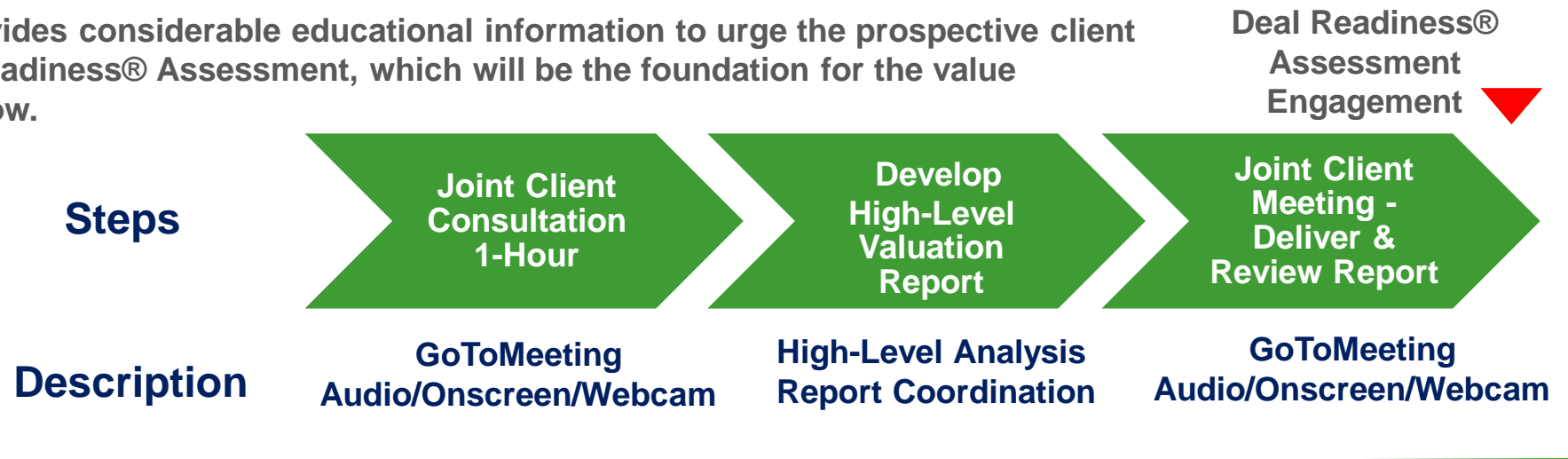
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Business Development / Education

As a complimentary, no-cost business development approach, we suggest having a joint consultation meeting with the prospective client, from which we can then provide a 15-page High-Level Valuation Report based upon the profit multiple ranges for the industry.

More importantly, this report provides considerable educational information to urge the prospective client to move forward with our Deal Readiness® Assessment, which will be the foundation for the value optimization methodology to follow.

Target Market - Business Annual Revenue >\$25million. However, Businesses with at least revenue of \$5million will benefit from our services.



PMI Advisors works alongside Wealth Advisors, Investment Bankers, Accounting Firms, Legal Firms, and others.

PMI Advisors

- Age Now / Exit
- Structure / Shareholders
- Industry / Location
- Revenue / Profit
- Multiple of Earnings
- Readiness Score
- Valuation Range
- Personal Financial Comparison
- High-Level Business Valuation Report
- Engagement

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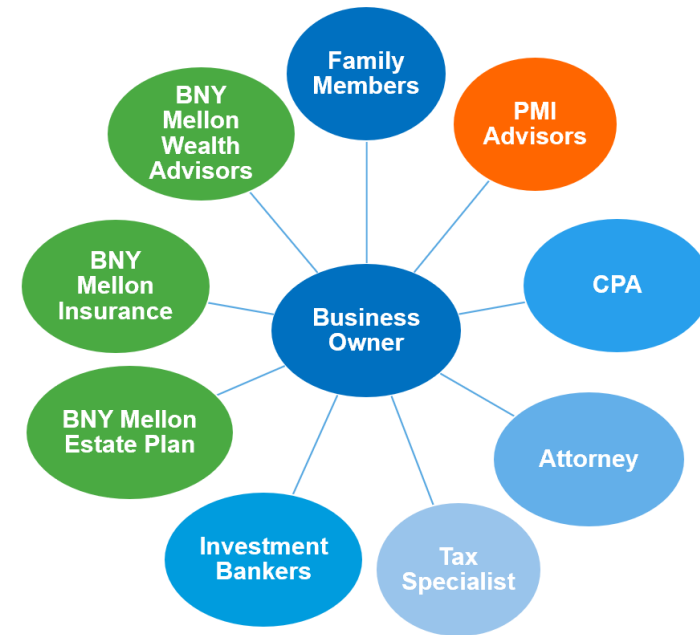
Summary

The Opportunity:

- Do you have “Silver Tsunami” Business-Owner Clients, with annual revenues > \$5million, that could use some help in preparing their Businesses for sale?
- **What can we do to initiate the next step in introducing your clients to the PMI Advisors’ Methodology?**

The Mission:

1. PMI Advisors optimizes the business value in preparation for the sale/recapitalization and coordinates the multi-disciplinary teams.
2. Investment Bankers facilitate the transactions.
3. BNY Mellon Wealth Management manages the Sellers’ proceeds.
4. Other divisions of BNY Mellon will have improved access to both the Sellers’ and Buyers’ organizations and employees to provide numerous additional services.



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PMI Advisors, LLC - Services

About Us:

PMI Advisors, LLC was initially launched to provide M&A integration services for acquirers. However, with our nationwide team of seasoned professionals, we quickly expanded into other areas of business management and operations:

- Services:**
- **Business Continuity Planning**
 - **Business Sale Preparation**
 - **M&A Integration Methodology**
 - **Business Process Optimization**
 - **Divestiture and Carve-Out**

Expertise:

*Cybersecurity – Technology – Human Resources
Financial – Strategy – Integration Management
Marketing/Sales – Procurement – Operations
Project Management - Supply Chain
Manufacturing – Logistics – Legal - R&D*

PMI Advisors has entered into Subcontract/Referral Agreements with several national accounting / consulting firms to provide our team of senior-level professionals as interim staffing resources to assist them in serving their existing and potential clients.

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PMI Advisors, LLC - Contact

We Help Advisors and Their Clients Create, Protect and Optimize Enterprise Value.

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A National Presence

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