

COVID-19

Value Disabling or Enabling

Larry O'Toole

Building Your Company Worth Never Gets Put on Hold

Play Your Movie Forward

Decisions Today Can Impact Future Company Worth

Did this company make decisions during COVID-19 that are impacting our thinking on valuation?

Did COVID-19 expose this company as yesterday's news....or will they still be a leading player tomorrow?

Does this owner have realistic valuation expectations given gaps that may have been exposed during COVID-19?



COVID-19 Decisions & Company Worth

*Should we add that new customer
or enter that new market?*

*Should we extend payment
terms for customers?*

*Should I still hire for that
open position?*



*Should I sign that new
agreement or contract?*

*Does adding that new product
or service make sense?*

Should I change my pricing?

Is my value proposition still relevant?

Exit Preparation Versus Exit Optimization

*COVID-19 should not
put these on hold*

Exit Preparation

- 6.) Negotiate a deal
- 5.) Contact potential acquirers
- 4.) Prepare for due diligence
- 3.) Develop teaser/memorandum
- 2.) Engage a broker/banker
- 1.) Decide to sell

Company A

*Disappointing \$
Payout At Exit*

Exit Optimization

- 11.) Negotiate a deal
- 10.) Contact potential acquirers
- 9.) Prepare for due diligence
- 8.) Develop teaser/memorandum
- 7.) Engage a broker/banker
- 6.) Decide to sell
- 5.) Assemble the right deal advisors
- 4.) Enable the right organization
- 3.) Drive a worth creation plan/excite buyers
- 2.) Know your market environment
- 1.) Identify what "good looks like"

Company B

*Optimized \$\$\$
Payout At Exit*

Playbook - Crisis to New Normal

**Build
Worth**

Recommended Actions

**Protect
Worth**

Recommended Actions

Crisis

Catch Your Breath

New Normal



Playbook - Crisis to New Normal

Crisis Phase

**Protect
Worth**

**Cash is King
Leadership is Ace**

- Cash Flow Projection/Modeling**
- Facilitate quality TEAM dialog
 - Allow for modeling decision making
 - Owner for key cost areas/rethink approval authority levels

Team/Customers

- Assess leadership style
- Assess who has a seat at leadership table
- Quality vs quantity of communication
 - Customers – operational status
 - Employees – 2 way vs 1 way

Crisis

Playbook - Crisis to New Normal

Crisis Phase

**Build
Worth**

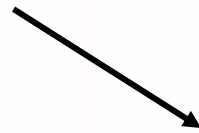
**Bank Your Moment®
Strategy is Queen**



- Filter decisions and impact on future worth
- Wear the glasses of future acquirer

**Protect
Worth**

**Cash is King
Leadership is Ace**



- Reprioritize initiatives & repurpose resources
- Communicate priorities – **DON'T ASSUME**
- Align decisions with core competency of business

Crisis

Playbook - Crisis to New Normal

Catch Your Breath Phase

**Build
Worth**

Bank your Moment®
Strategy is Queen

Data is the New Oil
Disrupter vs Disrupted
Kitten or Lion

**Protect
Worth**

Cash is King
Leadership is Ace

New Questions – New Answers
Value Proposition Check
Capture COVID Costs & Learnings

Crisis

Catch Your Breath

Playbook - Crisis to New Normal

New Normal Phase

**Build
Worth**

Bank your Moment®
Strategy is Queen

Data is the new Oil
Disrupter vs Disrupted
Kitten or Lion

Strategy to Excite Future Acquirer
Assess Due Diligence Readiness

**Protect
Worth**

Cash is King
Leadership is Ace

New Questions – New Answers
Value Proposition Check
Capture COVID Learnings & Costs

Leading versus
Lagging Indicators
Culture Trumps Strategy

Crisis

Catch Your Breath

New Normal

COVID-19 Decisions & Company Worth

Decisions Being Faced	What to Consider
Should we add that new customer or enter that new market?	Accretive to company profit? Acquirer potential perspective?
Should we add that new product or service?	Accretive to profit? “Stickiness” impact? Leverage current competency/value proposition?
Should we adjust our pricing?	Pricing leverage = worth creation. Pricing leverage = Sticky
Should we sign that new supplier or customer agreement?	Avoiding onerous terms - change of control clause, IP sharing clause, no pricing flexibility for material/labor costs
Should we fill that open key position?	What’s the impact on cash? Will it pass the “exit worth impact test”?
Do we have the right planning disciplines in place?	Acquirer’s worry about small companies lacking good planning disciplines and the risk of having to introduce them

Remember....

Know Which Phase Your Company Is In
Crisis **Catch Your Breath** **New Normal**

Key Decisions - Play Your Movie Forward

Cash is King, Leadership is Ace, Strategy is Queen

Update Your Playbook

Building Company Worth Never Gets Put On Hold!

Thank You

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