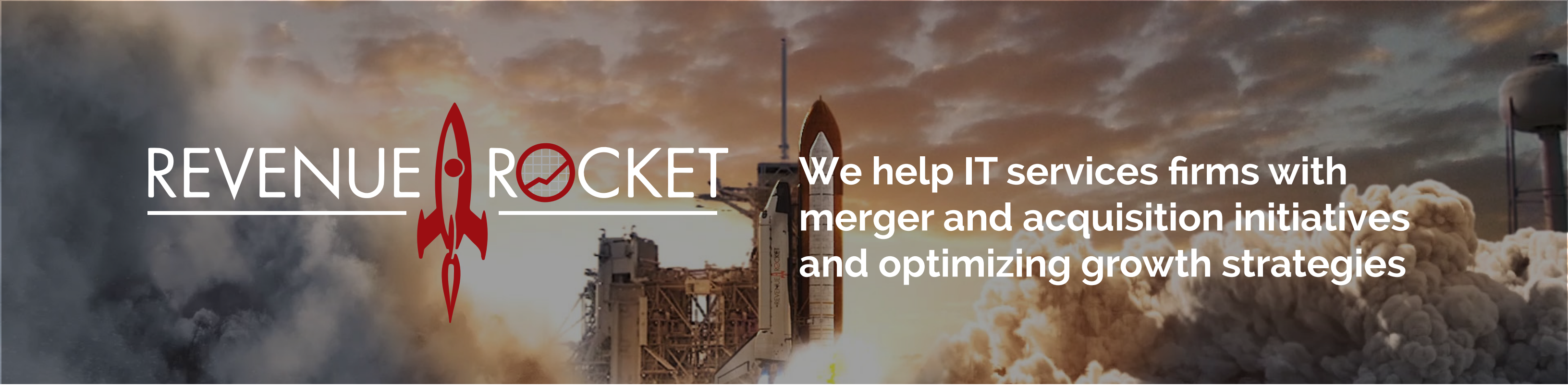

DO YOU WANT YOUR M&A TO SUCCEED? HERE'S HOW.

Our most successful clients will tell you that without an ongoing M&A initiative, you're forfeiting over 50% of your growth potential. It's why we advise clients not to think of it simply as an acquisition, but as an investment in a more promising future.

For those considering an acquisitive growth strategy, there are a few lessons we've deposited in our M&A intellectual bank that make what has been described as "one the most unnatural acts in business" a whole lot more natural. Take a look.

- **You're ready for an M&A when:** Your revenue is over $5MM; you're growing at least 10% per year; you have a mix of 50/50 project/staff work; your business processes are well-defined; you're financially healthy with little long-term debt; you've successfully scaled the business organically, and you're in a position to take a risk.

- **Have a roadmap:** Begin with the end in mind and know what you want and need before you buy, based on your overall longterm growth strategy.

- **Hire a Sherpa:** Enlist the services of a guide (and yes, that would be us) with a proven track record in navigating the treacherous terrain of M&A.

- **Bypass the "for sale" signs:** Assiduously avoid those seductive but distressed tactical properties in favor of ferreting out those hidden "not for sale" gems.

- **Beware the "winner's curse":** This means that down the road, the excessive premium paid for a property, spurred on by the emotional and irrational exuberance of the "deal," wipes out any gain you hoped to achieve.

- **Paint a vivid picture of the ideal prospect:** Look for the company that fills the white space in your operation, and don't waver from this profile.

- **Don't buy capability:** Buy opportunity; buy the future.

- **Close enough is not enough:** A perfect fit is enough.

- **Know the valuations:** Right now, prices are up about 10% vs. year ago, and this trend is likely to continue for the next couple of years.

- **Know what you can afford:** We've found that a firm 50-100% of your company's size is fundable through debt and cash flow in most cases. Private equity and venture money is available for more aggressive acquisitions.

- **The real work comes after the courtship:** It's not enough to close the deal and leave the integration to others. In fact, most of your blood, sweat, and toil should be directed to your post-acquisition strategies and implementation.

- **Be ready to walk away:** This is the cardinal rule of all negotiations, and it applies to M&A as well. The best way to ready yourself for both the pursuit of an acquisition and the need to break away from one if necessary is to keep your emotions in check.

If you're looking to navigate a successful M&A, please contact Revenue Rocketsm CEO, Mike Harvath at 612-298-7737, or via email at mharvath@revenuerocket.com.

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