

Tidewater Group, Inc.

Corporate Valuations

An Exit Strategy: We work with many clients to develop long-range plans. The first part of the plan is usually a valuation of their company for purposes of: an exit strategy, taxes, estate or business planning. A valuation is particularly important, in the development of an exit strategy. This enables the owner to achieve an understanding of what the company will sell for in the market today. If the valuation meets the owner's needs, the company can be placed on the market. If longer-term positioning is required, the plan sets objectives for sales performance, margin improvement and balance sheet management. The execution of the plan enables the owner to exit in two to three years, with an acceptable value for the company.

The Valuation: The valuation can be a one or two step process depending upon the objectives of the shareholders.

- ◆ If the valuation meets the shareholders expectations, they can continue to operate the company or they can place it on the market and reap the benefits of their planning and hard work.
- ◆ Sometimes a valuation analysis indicates that sales, earnings or balance sheet management must be improved to meet shareholders objectives. When this occurs, a plan must be put in place and targets developed to improve certain operating results. The plan should be monitored on a routine basis to assure the shareholders achieve the results they desire.

Achieving Value Objectives: If the valuation analysis indicates that shareholders value objectives will not be met, five steps should be taken:

1. Identify the critical issues.
2. Set measurable and achievable objectives (targets) that are equal or superior to industry averages.
3. Identify the steps to be taken to achieve the desired results.
4. Provide for routine reviews on progress.
5. Make adjustments as necessary in order to meet the plan.

Managing to Maximize Value: If the shareholders desire to sell the company in the foreseeable future, they should manage the company to maximize near term value. This is different than managing for long-term growth. It requires an adjustment in incentives for key employees and others in order to meet the near-term objectives.

The Tidewater Group specializes in the food industry. As a result, we understand what prospective buyers look for in companies. We consult with and assist clients before they put their company on the market to help them achieve their objectives. This is just one way we assist our clients. Let us help you!

For more information, give us a call!

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