

Mariner Capital Advisors:

How Do We Help Advisors And Your Business Owner Clients?

Schwab



Mariner Capital Advisors Overview

Business Valuation

- Performs an average of 50+ certified business valuations per year for a variety of purposes

Transaction

- Financial Planning
- Buy-Sell Agreements
- Financing
- ESOPs
- IP Transfer Pricing

Tax Reporting

- Gift & Estate Tax
- Charitable Donations
- 409(A)
- Discount Studies

Financial Reporting

- Purchase Price Allocations
- Goodwill Impairment

Litigation

- Marital Disputes
- Shareholder Disputes

Sell-Side M&A Advisory

- Provide comprehensive advice from engagement to closing for those seeking to sell their business, including sourcing prospective buyers, developing all marketing materials, leading negotiations, and facilitating and coordinating due diligence with all parties
- Deep understanding of business valuation allows us to understand the unique intricacies that drive business value when taking each company to market
- By creating a competitive process through a controlled auction, we can help drive a higher sale price for businesses

Buy-Side M&A Advisory

- Manage the entire process, from target search to negotiations, and due diligence to closing, for business owners and individuals seeking an acquisition
- Source proprietary deal flow
- Our qualification process helps buyers refine their acquisition criteria based on their strategic objectives

How Do We Help Schwab Advisors?

All Mariner Capital Advisors associates are happy to discuss your client's potential needs and how our services could be of help

How Do We Help You?

- Available for introductory calls with clients looking to sell their business in the next few years to provide advice on how to adequately prepare the company for a sale
- Help create new assets under advisement for Schwab advisors following the sale of a company
- Help Schwab advisors differentiate themselves by providing service offerings not available to other RIA's
- Serve as an internal resource that can provide industry reports and transaction data

What Kind of Client Situations Can We Help With?

M&A

- Desiring to retire in the near future
- Experiencing a significant life change
- Seeking to diversify net worth
- Has been approached unexpectedly by a prospective buyer
- Looking to acquire other companies
- Succession planning

Valuation

- Long-term financial planning
- Estate planning gifts
- Charitable contributions to a donor advised fund
- Establishing buy/sell transaction price
- Incentivizing management with equity or options
- Long-term strategic planning purposes

Valuation and M&A Process Overview

Valuation Process

Timeline

6-8 weeks; can vary

Fee

Fixed-fee, typically starting at \$12,000; varies based on scope and purpose of the engagement

Steps

- Host pre-engagement call with client to discuss scope and complexity of engagement
- Deliver onboarding documents:
 - Engagement letter
 - Document request list
 - Process timeline
- Upon receiving requested documents, conduct due diligence prior to management interview to discuss the business
- Perform valuation analysis and review valuation exhibits with client
- Upon review and approval of valuation assumptions, deliver draft valuation report to client
- Upon review and approval of qualitative information in report, deliver final valuation report to client

M&A Process

Timeline

6-8 months; can vary

Fee

Typically a percentage of the transaction price plus a monthly retainer; we work with the client to determine an appropriate fee structure that aligns our interests

Steps

- Following engagement, initial documents are collected
- Performs initial due diligence, conducts a management interview, researches and compiles buyer list and prepares all marketing materials
- Conduct outreach to prospective buyer pool and conducts calls with interested parties
- Solicit offers from remaining interested parties, perform a comparative transaction analysis once offers are received and help the client select a buyer and negotiate terms
- Manage the diligence process through closing and coordinate efforts with all involved parties

What to Ask Your Business Owner Clients

Business Succession Planning

Questions

Talking Points & Other Considerations

Do you have a succession plan for your business?

Ownership in a business often represents the owner's largest asset and contributor to their net worth, so having these conversations can help you provide more effective long-term financial planning advice. Even if your client hasn't started succession planning, they aren't alone—studies have shown that two-thirds of business owners don't have a succession plan.¹

How do you plan to exit your business?

Your client may have a general idea of how they'd like to exit their business, but haven't thought through the specifics of preparation or execution, or even considered whether their desired exit method aligns with their personal goals or overall wealth strategy. Business owners have multiple exit options, including:

- Selling the business to a third party
- Transitioning ownership to an employee
- Selling or gifting the business to a family member
- Exiting via a charitable donation

When do you plan to exit your company?

Regardless of how you plan to exit your company, preparation should start a few years in advance. If you plan to sell your business and rely on the proceeds to fund your retirement, it's important to be flexible with timing and sell when the business is performing well.

Have you have obtained a formal business appraisal/valuation?

A business valuation is sometimes required for tax and financial reporting and legal purposes, among others; they can also serve as a valuable planning tool by helping you understand the value of your business and help you identify factors that detract from your business' value that you can work on improving; knowing the value of what may be your single largest asset is also helpful in developing a holistic financial plan.

1) <https://www.cnbc.com/2015/06/23/most-millionaire-business-owners-have-no-succession-plan.html>

What to Ask Your Business Owner Clients

The Value of Your Client's Business

Questions

Talking Points & Other Considerations

Have you have obtained a formal business valuation?

Business valuations can serve as a planning tool by helping the owner understand the value of their business and identify factors that contribute and detract from their business' value; knowing the value of your client's business (which may be your client's single largest asset) is a critical part of providing holistic wealth advice.

If you've had a valuation performed, what was the purpose of the valuation?

Business valuations are not "one size fits all"; for example, valuations for tax reporting purposes are performed using different procedures and methodologies and are generally more detailed than a valuation performed for internal planning purposes.

If you've had a valuation performed, when was it last updated?

Just like any other asset, the value of a business changes over time; if your client has had a valuation performed for internal planning purposes and is planning to sell the business to create liquidity for retirement, they should consider getting it updated annually.

If you've had a valuation performed, who performed it?

It's a good idea to use an experienced, credentialed valuation expert; some CPAs offer valuation services but aren't certified appraisers; there are also online services or calculators that are highly flawed and therefore don't produce reliable results.

What to Ask Your Business Owner Clients

Selling to a Third Party

Questions

Talking Points & Other Considerations

Have you started preparing your business for sale?

Preparing in advance of a sale can help your client drive a higher sale price; preparation may include organizing financial statements, shifting the owner's daily responsibilities to others within the business, building out infrastructure and reducing the number of personal expenses being run through the business.

Have you thought about what a third party buyer might pay you for the business?

It's important for business owners to have at least a general understanding of their business' value because it can help the owner determine whether the proceeds from a business sale would be sufficient to fund their retirement goals.

Have you considered the tax implications of selling your business?

A variety of factors can impact the amount of tax owed as a result of a business sale; proper planning and guidance from tax professionals during a transaction can help maximize the after-tax proceeds of a business sale.

Have you ever been approached by another company that was interested in acquiring your business?

Unsolicited offers from large companies and private equity firms are increasingly common; if your client has been approached unexpectedly by an interested prospective buyer, they should consult their attorney and an M&A advisor before engaging in serious discussions.

What to Ask Your Business Owner Clients

Handling Unsolicited Acquisition Offers

Questions

Talking Points & Other Considerations

What stage are you at in your discussions with the prospective buyer?

Find out whether your client is giving serious thought to the offer and how far their discussions have progressed; sometimes business owners try to handle these conversations by themselves and make the mistake of sharing too much confidential information and can get taken advantage of during negotiations.

Has the prospective buyer offered a specific purchase price?

If your client is like most business owners, they probably don't know the value of their business, which makes it difficult to assess whether an offer is fair; the client may also be too focused on price, especially if the prospective buyer offers an attractive number, but it's important to note that transaction structure is almost equally as important.

Have you shared any confidential information with the prospective buyer?

Before sharing anything confidential about the business, your client should consult with their attorney or engage an M&A advisor like MCA, who can help protect you from the negative consequences of sharing sensitive information about your company that could potentially leak to competitors, customer or employees.

Have you done any research on the prospective buyer?

Before your client shares too much information about their business, it's important they do research on the buyer and their reputation; it's always a good idea to ask for references.

What to Ask Your Business Owner Clients

Selling or Gifting the Business to a Family Member

Questions

Talking Points & Other Considerations

Do you have a family member who you'd like to take over the business?

Studies show that about 75% of business owners have contemplated passing their businesses on to the next generation, but only about 30% of businesses survive into the second generation; businesses can fail for a variety of reasons, many of which can be prevented by proper planning.¹

What is their experience and role in the business?

While many business owners like the idea of keeping the business in the family, they may one day realize that their children don't have the right combination of skills and experience to take over the business and run it successfully; getting an heir active in the business early and teaching them what it takes to run the business first-hand will help increase their chances of success.

Have you discussed with them their desire to one day take over the business?

Owning and running a business isn't for everyone and it's not fair to assume that your son or daughter will want to follow in your footsteps; even if your child is currently involved in the business, they may have different long-term career goals.

How do you anticipate facilitating the transfer of ownership?

Owners have the option of structuring the sale of the business to their heir so that it provides a liquidity event; they may also gift ownership of the business, either over a period of time or through a one-time gift; both methods have different tax implications that require careful planning well in advance.

1) PWC Family Business Survey 2012/2013

What to Ask Your Business Owner Clients

Transitioning Ownership to an Employee

Questions

Talking Points & Other Considerations

Is there someone within your business, such as a key manager or employee, who you'd like to take over ownership of the business?

This is a common exit strategy but presents a unique set of challenges and requires planning well in advance; while this may sound like an attractive solution, it's not always a viable exit strategy.

Have you started preparing that individual to take over ownership of the business?

Identifying a potential successor and mentoring them to take over ownership of the business is a long-term process; if this is the owner's preferred exit strategy, they should identify someone as soon as possible who is willing and capable of taking over the business and gradually hand off their daily responsibilities to the future owner.

Have you considered how the transaction will be structured and funded?

In most cases, an employee won't have the financial resources to fund the purchase of the business from the owner; in order to generate liquidity from such a transaction, the owner should develop a plan that outlines how the purchase price of the business will be determined and how the transaction will be financed.

MCA Directors



Tom Tilley, Managing Director

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- Tom is active in marketing Mariner Capital Advisors' services and leading the execution of M&A transactions across a variety of industries.
- Tom has been directly involved in over 100 M&A transactions across the country and has represented clients in both sell-side and buy-side advisory engagements, specializing in transactions involving companies ranging from \$5M to \$100M in enterprise value.



Todd Middleton, Managing Director

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- Todd is active in marketing Mariner Capital Advisors' services and leading the execution of M&A transactions across a variety of industries.
- Prior to joining Mariner Capital Advisors, Todd spent over 20 years in banking and finance. Most notably, he was a commercial banker and also held senior-level executive and management positions with Fortune 500 companies.



John Stevenson, ASA, Valuation Director

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- John leads our valuation advisory practice and is primarily responsible for overseeing and assisting in the preparation of valuation reports for a variety of purposes.
- John has overseen or completed over 500 valuation engagements for purposes including M&A transactions, gift and estate tax planning, charitable giving, and strategic planning.



Robbie Van Trump, Director, Strategy & Marketing

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- Robbie has assisted on over 40 M&A advisory engagements in varying capacity for clients across a broad range of industries
- Robbie provides strategic and operational support on M&A transactions, playing an active role in preparing offering materials and developing and executing go-to-market strategies.

MCA Support Team



Jason O'Bryon, ASA, Senior Associate

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- Qualified appraiser overseeing valuation practice, including client onboarding, engagement management, review of deliverables and modeling strategy
- Lead analyst on business valuations
- MS-Finance, University of Missouri-Kansas City
- BS-Finance, Management/Leadership, University of Kansas
- Accredited Member of the American Society of Appraisers



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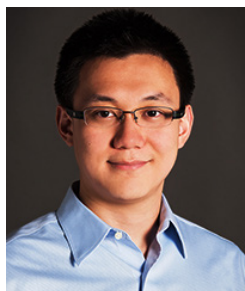
- Oversees M&A practice, including engagement management and tracking
- Lead analyst on M&A engagements
- Lead analyst on business valuations
- BBA-Finance & Accountancy, University of Oklahoma
- CFA Charterholder



Tim Hosie, CPA, Associate

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- Lead analyst on M&A engagements
- Lead analyst on business valuations
- Experience in Big Four public accounting and with publicly listed companies
- MBA, Rockhurst University
- MAcc, University of Missouri
- FINRA Series 63 and 79 securities licenses



Haosi Zhu, Senior Analyst

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- Lead analyst on M&A engagements
- Lead analyst on business valuations
- FINRA Series 63 and 79 securities licenses
- B.A in Economics, Boston University
- MS in Finance, University of Texas-Dallas
- MAcc, Washington University

Next Steps for You and Your Client

Whether your client has an immediate need or is just planning for the future, contact anyone on the Mariner Capital Advisors team to learn more about how we can assist.

M&A Advisory Contacts

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*Sell side engagements that include an offering of securities may include the engagement of our affiliated broker dealer, MSEC, LLC, and may include additional requirements not detailed herein.
Securities Offered through MSEC, LLC, Member FINRA & SIPC, 5700 W. 112th Suite 500, Overland Park, KS 66211.*

