BCC ADVISERS
Your True Strength.

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Business Transfer & Valuation Information

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Maximizing Value Regardless of Market Conditions

Conditions have certainly changed in the overall marketplace. Should you find yourself in circumstances that have you considering selling your business, what level of interest would your company garner in the current environment? More importantly, how can you best maximize your company's value in a sale?

Before actively pursuing a sale, it is important to evaluate your company's position relative to other investments that a potential buyer might make. Buyers often evaluate multiple acquisition opportunities and will compare the performance of one industry over another. More importantly, buyers will compare a company's performance relative to its peers.

Between these two areas of evaluation, there are four categories that will impact a company's value to a buyer, as well as its status as a desired target.

OUTPERFORMING COMPETITORS IN A STRONG MARKET

Companies that are outperforming competitors and operating in a strong market are obviously the most attractive to prospective buyers. These companies will attract both strategic acquirers and financial investors (e.g., private equity firms). The key to maximizing value in the sale of a company in this category is to create a competitive bidding process targeting large buyers with the necessary resources to pay a premium. Sellers that are outperforming competitors in a strong market should be cautious about accepting the first offer — it is almost never the best.

OUTPERFORMING COMPETITORS IN A WEAK MARKET

If your company is outperforming competitors but operating in a struggling market, it may be advantageous to consolidate the market by making one or more acquisitions. This strategy could pay off nicely by capitalizing on your investments once the market recovers. If your circumstances are such that waiting for a market recovery is not a viable option, it is important to identify prospective buyers that can see the value in acquiring your company as a platform for future consolidation. Often, financial buyers (e.g., private equity firms) fit this role.

UNDERPERFORMING COMPETITORS IN A STRONG MARKET

Companies operating in strong markets that are being outperformed by their competitors are likely to become targets for those competitors looking to gain market share, access to new customers or geographies, or acquire new products and capabilities. If an owner is unwilling to sell to a competitor, it may also be difficult to generate interest from strategic or financial buyers from different markets. Companies being outperformed by competitors seldom represent an attractive platform for growth for these buyers. The key to maximizing value in the sale is to highlight sustainable differentiators such as unique products, capabilities or solid customer relationships and target the appropriate parties.

UNDERPERFORMING COMPETITORS IN A WEAK MARKET

Owners of distressed companies that are both operating in a struggling market and being outperformed by competitors must be wary of "bottom feeders," competitors or investors that are looking for a deal and will only pay bargain prices. If your company is in a situation of distress, it can still be valuable to a serious buyer, but more than likely your compensation will be paid over time. Once again, the key to avoiding a severe discount in yoursale price is to demonstrate your company's sustainable differentiators.

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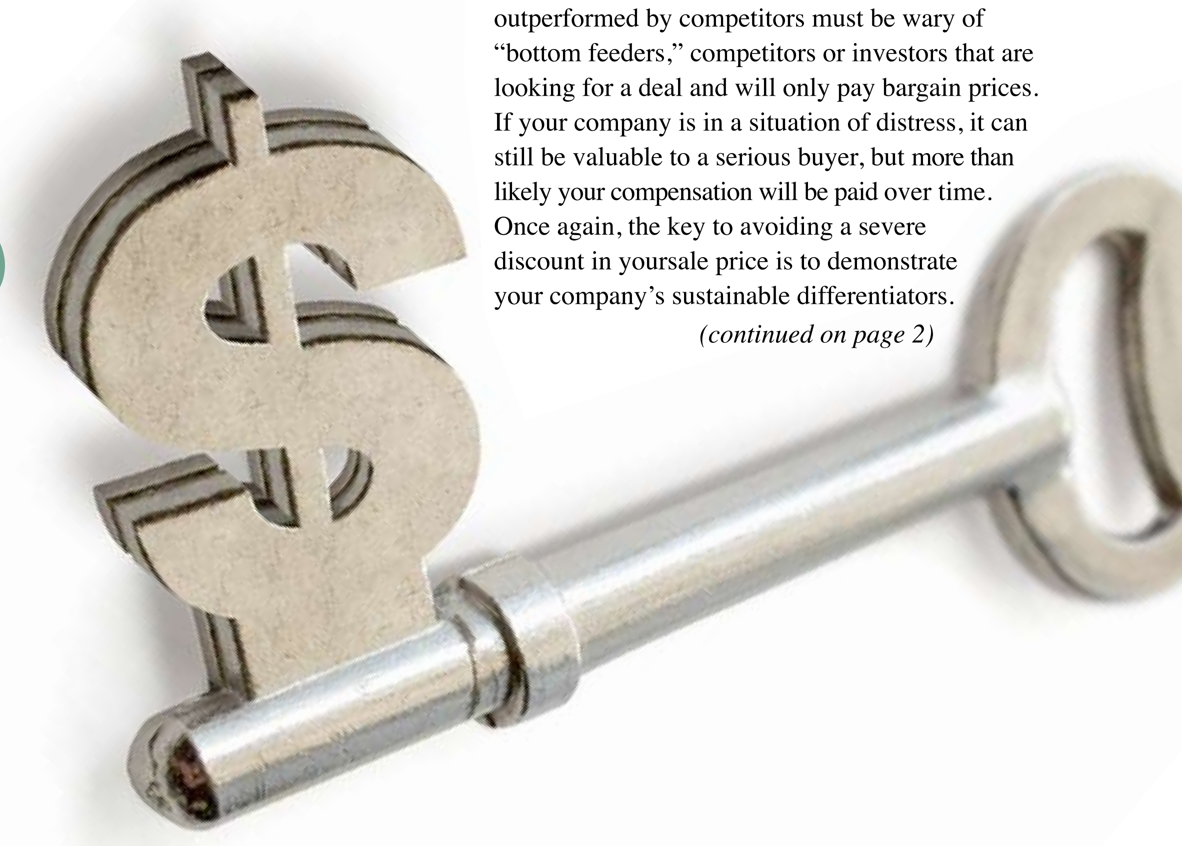


business lines

By Steve Jacobs

In recent weeks I have been reading a book written by David M. Smick titled, *The World Is Curved*. This author picks up where Thomas Freidman's *The World Is Flat* left off, taking readers on an insider's tour through the private offices of central bankers, finance ministers, even prime ministers. He wrestles with the two questions on everyone's mind: How bad could things really get in today's economy? And, what can we do about it? My focus here will be on the latter question.

During the last quarter-century, before the recent downturn, the Dow Jones Industrial Average climbed from the 800 range to over 14,000. To match that stock market success in percentage terms over the next 25 years, the Dow would have to grow to exceed 200,000. During the same period, the net worth of U.S. households grew from $11 trillion to over $56 trillion, according to the Federal Reserve. Globally, financial assets jumped from $12 trillion to over $140 trillion (a 1,166% increase). That's astounding to me! But yet, that's the environment in which we had all grown accustomed to living.

What must we do to survive and prosper in this age of volatility? The long-term consequences of excessive greed and short-term expectations for instant gratification have to change on a global spectrum. In Smick's book, a high-level policy maker was quoted as saying, "You can't hedge the universe and you can't eliminate all risk."

There have been massive bailouts in the past, so what has been done recently is nothing new. But how quickly we forget. Back as recently as 1989, the Financial Institutions Reform, Recovery and Enforcement Act pumped some $293 billion into the floundering savings and loan industry. During this time approximately half of America's S&Ls, more than 1,600, failed from 1986 through 1995. Total loan defaults ran into the billions of dollars. Additionally, billions in federally-insured deposits had to be covered by the government.

Past experiences do tend to be repeated over and over. As we all know, financial crises have occurred periodically for hundreds of years. It seems whenever there are excesses, especially record levels of "excess liquidity" available, problems occur. This circumstance is increased exponentially when it is global in scope.

In addition to the contribution of excess liquidity to the current crisis, there is the emergence of the new term, "moral hazard." Quite rightly, people are annoyed by the notion that they are being asked to pay for somebody else's excesses and mistakes. The "moral hazard" in the present crisis really comes from past bailouts. These past actions are what have created expectations that excessive risk-taking will be helped (bailed-out) by government actions.

The cycle of success and failure provides a perfect object lesson and answer to the question, what can we do about it? According to Smick, "The secret to maintaining a robust economy centers on more than efforts to modernize existing plants and equipment. The secret is creativity, allowing new firms with new ideas to rise up, while existing firms work hard every day to reinvent themselves to compete on a global scale. The secret lies in a buoyant, free market, global system!"

BCC Advisers – A 2009 BBB Integrity Award Winner

From left to right: *Marlyn McKeen, Goodwill Industries; Tom Stanberry, West Bank; Steve Jacobs, BCC Advisers; Roger Fouche, Schaal Heating & Cooling; John Forsyth, Wellmark Blue Cross & Blue Shield.*

BCC Advisers is proud to announce that we were selected by the Better Business Bureau of Greater Iowa as a 2009 BBB Integrity Award winner. BCC was honored to accept this award at the BBB Integrity Award luncheon held on April 16, 2009, at the Des Moines Marriott Downtown Hotel. The winner for the category of 15 or less employees, BCC shared the stage with four other distinguished colleagues in different categories.

BBB.

2009 BBB Integrity
Award Winner
BBB of Greater Iowa

BBB Integrity Award recipients are selected by a panel of independent community business leaders following an extensive nominating and application process. The award recognizes those companies whose bussiness practices and related activities in the community exemplify the highest standards of business ethics and conduct.

BCC professionals work hard to maintain the reputation they have earned for honesty, trustworthiness, confidentiality and integrity that has distinguished us in the community and in the financial services industry.

Thanks to our clients for allowing us to serve them, to our colleagues for their confidence in referring new business to us and to our friends for their valued support. We look forward to continuing to provide long-term value in everything we do.

Maximizing Value Regardless of Market Conditions

(continued from cover)

Regardless of which category describes your company, the keys to maximizing value are: targeting the right buyer prospects, demonstrating sustainable differentiators and creating a competitive bidding process between multiple qualified buyers.

In addition, business owners who seek out competent, experienced M&A advisers not only have the advantage of gaining an advocate and a skilled negotiator, they are also able to focus on running their business and maintaining and/or increasing their company's value throughout the sales process. If you need assistance with your business transaction, call the professionals at BCC Advisers. For the past 20 years, BCC has been utilizing its M&A expertise to create value for clients in both buy-side and sell-side transactions.

Good Deals Still Getting Done

Nearly 40 years after founding the Des Moines-based material sales construction management firm, Mr. A. David Bear has sold David Bear, Inc. (DBI) to Mike and Marian Verdon, dba Trinity Fabricators, Inc., of New Albin, Iowa. This was a transaction that provided considerable value to both parties involved, showing that fair value transactions are still getting done in this market.

For four decades, Mr. Bear and his employees poured their time, sweat and heart into building the DBI legacy. When it came time to transition out of the business, Mr. Bear desired to sell his company to someone that shared his commitment to customer service and overall business integrity.

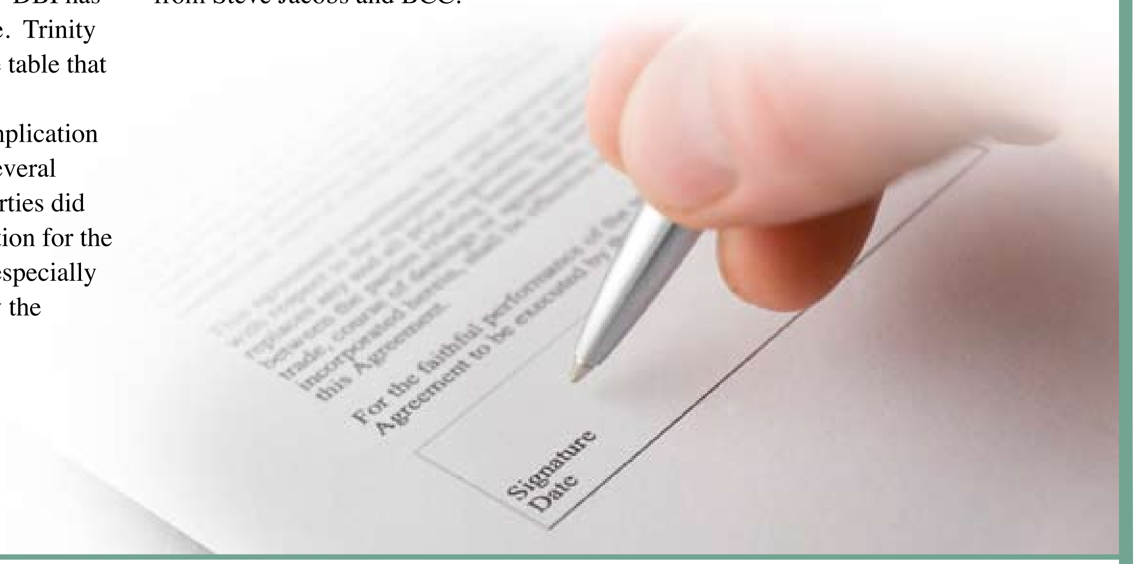
DBI and Trinity often worked together on joint projects, so they had developed a strong professional relationship, as well as a personal one.

"This transaction is a natural fit for both sides," said Mr. Verdon. "DBI has always maintained an excellent reputation for quality customer service. Trinity shares these values and brings additional fabricating capabilities to the table that will benefit DBI customers in this market."

With this being Verdon's initial acquisition and the emotional complication of Mr. Bear's 40-year legacy owning DBI, the transaction presented several challenges. A major issue was that the financial objectives for both parties did not easily mesh. Seeking to retire, the seller desired timely compensation for the value he created in his business. In the current lending environment, especially for construction related businesses, it was difficult for the buyer to pay the purchase price entirely in cash at closing.

Mr. Bear had worked with BCC Advisers on various general consulting assignments and other M&A projects, so he was familiar with BCC's expertise. Therefore, when discussions began with Mr. Verdon regarding a possible sale, and it was clear that services of a competent adviser were needed to navigate the complexities of the transaction, Mr. Bear engaged BCC Advisers to assist with the negotiations. BCC succeeded in creatively structuring and negotiating fair terms and conditions that satisfied both parties.

"From what I've heard and seen, the market may not be ideal for selling a business," said Mr. Bear, "but with the synergies, timing and strong existing relationship, it would have been a mistake for both sides to not have pursued this transaction. That being said, we could not have completed this sale without the experienced counsel from Steve Jacobs and BCC."



Nalley Named BCC Shareholder

James D. Nalley has been named a Vice President and Shareholder of BCC Advisers. Mr. Nalley is a Certified Public Accountant (holding the AICPA's Accredited in Business Valuation and Certified in Financial Forensics designations) and a Certified Valuation Analyst with the National Association of Certified Valuation Analysts. He has been with BCC Advisers since 2004, performing analysis and providing litigation support services to attorneys and their clients, and is a business adviser on financial and management projects, business planning and projections, and business valuations.

Harse Presents at Conference

BCC Western Division head, Brad Harse, recently addressed the 24th Annual Heartland Conference for Free Enterprise hosted by the University of Nebraska Center for Entrepreneurship and the Lincoln Partnership for Economic Development. As a founder of two firms himself, Harse brought first-hand experience and personal anecdotes to his presentation on international sales, marketing and production outsourcing.

With our own international expertise and IMAP resources around the globe, BCC Advisers is your logical partner when considering expansion and business transition opportunities both within the U.S. and in foreign markets.

Tropical Transactions

As more and more U.S. firms are pursuing investment opportunities in Central America, BCC Advisers is fortunate to have a tremendous resource in this region of the world.

IMAP partner firm Mesoamerica, headquartered in Escazú, Costa Rica, has an unparalleled depth of experience in the Central American region. Characterized by fragmented markets that are just beginning to open up to strong foreign competition, Central America, the Caribbean Basin and Andino countries make up the geographic focus of Mesoamerica's operations. As such, Mesoamerica has been able to obtain an in-depth understanding of the needs and nuances of the local environment. Mesoamerica has not only worked on projects in each of the region's countries, but also in the majority of its industries.

BCC has been recently engaged to provide consulting services to a U.S. company seeking to establish a production facility in Central America. Capitalizing on Mesoamerica's expertise in this market will be a huge benefit to our client.

As a Midwest-based firm, BCC has many clients that participate in agriculture and renewable energy. When you look at what drives the economies of many of the nations in Central America, you'll find these same industries.

"The skill sets and industry expertise of BCC and Mesoamerica really complement each other. It's a great advantage for our clients when we collaborate and draw on each other's knowledge of our local business culture," stated Julius Landell-Mills, one of Mesoamerica's founders and partners.

Julius Landell-Mills
Mesoamerica

The Central American region has been experiencing economic growth during the last decade and, for the first time in a quarter century, all of the governments are democratic and free of armed conflict. Nevertheless, the complexities of these markets and the velocity of change have proven to be a challenge to companies, both local and multinational, that attempt to obtain scale and presence in the region.

Leveraging skills developed in strategy, consulting, and mergers and acquisitions, BCC Advisers and Mesoamerica are well positioned to provide support to these companies, contributing to their success in accomplishing strategic goals, maintaining competitiveness and profitability.

on the dotted line

Some Recent BCC Advisers Transactions:

Advised on the sale of a material sales construction management firm.

Prepared a fair market valuation of a Midwest equipment dealership for sale of shares.

Prepared a fair value analysis of a U.S. ethanol company for financial reporting purposes.

Prepared a fair value appraisal of a Midwest consumer products manufacturing company for impairment testing of intangible assets under SFAS 142 and 144.

Prepared a fair market valuation of a multi-bank holding company for estate settlement purposes.

Prepared fair market valuations of two ethanol companies for equity offerings.

The Market Front

Some opportunities available through BCC Advisers:

U.S. durable goods manufacturer – *is interested in making an acquisition.*

European manufacturer of blood loss detection devices – *is seeking buyer to finance commercial development of the product.*

European electronic distributor of prepaid phone cards – *is seeking a buyer.*

U.S. construction equipment rental company – *is seeking a buyer.*

U.S. engineering design and consulting service company – *is seeking to acquire the same.*

U.S. manufacturer of specialty vehicles – *is seeking a buyer.*

European manufacturer of blow molds – *is seeking a buyer.*

European cosmetics firm – *is seeking to acquire cosmetic firms with niche markets.*

For mergers and acquisitions, contact Steve Jacobs or Brad Harse. For valuations, contact Al Ryerson, Greg Weber or Jim Nalley.
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INTERNATIONAL NETWORK OF M&A PARTNERS

The International Network of M&A Partners (IMAP) is an exclusive global partnership of leading Merger & Acquisition advisory firms. Formed in 1971, IMAP unites a select group of professional organizations active in international transactions into a seamless global partnership. Each member firm shares a mutual commitment to delivering the highest caliber advisory services for middle-market transactions across the globe. IMAP advisers provide strategic merger, acquisition, divestiture and related corporate finance services. Sellers of mid-size companies and corporate acquirers alike rely upon IMAP for essential local market knowledge and industry expertise delivered with unparalleled global reach. Through their global partnership, IMAP firms are able to access strategic buyers, merger candidates and financial resources around the world to deliver exceptional results for their clients.

IMAP

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