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Maximize the Short- and Long-Term Value of Your Firm

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WEBINARS

July 25

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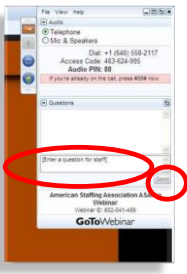
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Presenters

Alfred F. De Bellas, Jr.—President

Amy Bingham—Managing Partner



Today's Session

- I. Staffing Company Valuation Methodology
- II. Five Factors that Affect Value, Influencers, and Actions to Take
- III. Your Next Steps

Poll Question - Valuation

How well do you understand how staffing firms are valued?

- a) I'm clueless
- b) I know enough to be dangerous
- c) I'm an expert

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How Are Staffing Firms Valued?

- EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)
- Value (Before Cash and Debt) = "Multiple" x Adjusted EBITDA
- Price = Value + Cash – Debt. Working Capital goes to the Buyer



Understanding how buyers determine value helps you determine the actions to take to maximize it.

Staffing Company Valuation Methodology

Multiple: Determined by the factors we're describing today

Adjustments are:

1. Non-Recurring Expenses
2. Expenses that would not continue under new ownership

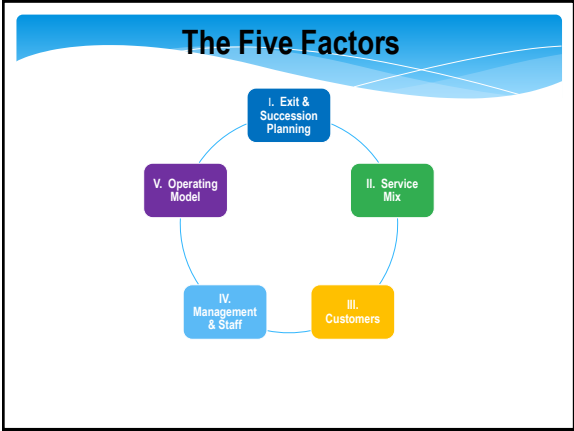
EBITDA is "Representative"

1. Historic
2. Future
3. Current rate

Price typically includes varying proportions of:

1. Cash
2. Stock
3. Earn-out
4. Notes





I. Exit and Succession Planning

<u>INFLUENCERS</u>	<u>ACTIONS</u>
<ul style="list-style-type: none"> ▪ Timing ▪ Successor(s) ▪ Options 	<ul style="list-style-type: none"> ▪ Have a Plan ▪ Select Who (Plan A, Plan B) ▪ Sale to a Third Party/Management ▪ Sale/Gifts to Heirs ▪ ESOP ▪ Competent and Trustworthy Manager

II. Service Mix

<u>INFLUENCERS</u>	<u>ACTIONS</u>
<ul style="list-style-type: none"> ▪ Segments ▪ Mix ▪ Proprietary/Unique Attributes ▪ Specialization 	<ul style="list-style-type: none"> ▪ Market Research First! ▪ Ninety Percent Contract, Ten Percent Direct Hire ▪ Value Prop (packaging matters) ▪ By Skill and/or Industry; High-Growth, High-Demand

III. Customers

INFLUENCERS

- Concentration
- Diversification
- Market Presence
- Tenure

ACTIONS

- Diversified Portfolio
Large/SMBs
- Research Industries Served
by your Clients
- Branding, Community
Involvement
- Reference-able Clients
- Case studies

IV. Management and Staff

INFLUENCERS

- Organization and Depth
- Tenure and Experience
- Compensation Program(s)
- Training
- Culture
- Employment Agreements

ACTIONS

- Document, Delegate, Staff for
Growth
- A Player's History of
Success
- Pay-for-Performance
- "The Company Way"
- High-Performance, Metrics
Meeting
- Protect Your Investment

V. Operating Model

INFLUENCERS

- Sales Model
- Sourcing Model
- Attracting & Retaining Talent
- Compensation

ACTIONS

- Everybody Sells
- 360 Degree, 21st Century
- "Candidate Care" Value Prop
- Pay Rates At or Above Market

What do you need to work on?

Strategy/Succession Planning
Increasing the Value of Your Firm
Business Development and/or Recruiting Strategies
Talent Development (Training/Coaching)

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Q&A

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