



Corporate Profile

transition



Introduction

Domain Associates is a boutique advisory firm with a specialist focus on helping your business transition smoothly from one stage to the next.

Our team has extensive professional and practical expertise developed over 20 years. We have worked with a wide range of businesses, often as principal or consultant for international chartered accountancy practices.

Your business is about value: increasing that value from the start, and then realising it on exit. As innovative business owners and board-level leaders, Domain Associates knows that value doesn't come easily. It takes considered strategy, skilful implementation, and an effective team that enjoys working together, for you.

Before value can be created or engineered, it must be understood. Our consulting background in international chartered accountancy revolved around uncovering, negotiating, and achieving value.

We engineer value for your business to help you make the most of your years of hard work. We do this with direction, expertise and wisdom to create realisable value through the transitions your business will undergo. We help you clarify your goals and find practical options to achieve them. This is not just limited to selling a business, 'Exit', but also to Start Up and Growth transitions stages.

Corporate Advisory Services

Whether you're just starting out, looking to expand or planning to exit, our team of professional advisors can help create and extract value from your business with holistic strategies.

Our services cover:

Growth TRANSITION:

Mergers and acquisitions
Business Acquisitions
Due diligence
Corporate finance
Strategic financial analysis
Restructuring
Governance

Exit TRANSITION:

"Investor Ready"
Transaction Support
Mergers
Acquisition
Due Diligence
Succession Planning
(generational & non-generational)
Corporate Finance

Start Up TRANSITION:

Strategic Financial Analysis
Strategic Planning
Restructuring
Management Remuneration
Corporate Governance

These services are also supported by our external networks which help with:

- Implementation coaching to overcome The Execution Gap;
- Retirement planning working towards the ultimate objective – lifestyle;
- Investment management and advice to preserve the wealth created;
- Executive/management recruitment to release time and provide succession options.



Domain Associates' strategy toward value – a general overview

As your business progresses through its life cycle, we work with you to develop and implement strategies to ensure your continued success. We'll help you convert that success into true value, with a transaction, not just on paper.

All businesses have unique needs and characteristics, so we tailor our strategies to your position. Regardless of the size or type of your business, Domain Associates offer a specialized range of start-up, growth or exit strategies to suit. Our holistic approach to strategy helps add value to your business. We offer a bird's eye view of the process, so you can see how to get where you want to be.

There are plenty of people who will advise you based on academic or theoretical education, or on a one-off experience that worked for them. Harder to find are people who can think strategically, and apply vast experience to any business situation. Even fewer have actually done it themselves. Domain Associates believe that until theory meets real experience, it won't add value to your business.

From our own entrepreneurial ventures and from experience with a number of clients at board level, Domain Associates have the skills to provide transition services to help your business through important change. You will have the direction to confidently and successfully manage acquisitions, innovations or succession changes to make the most of the time and money you've invested in your business over the years.

Domain Associates – who we are

Domain Associates is led by Grant Raynor.

Originally from the Waikato, Grant spent six years as part of the Environment Waikato finance team. He moved to Auckland in the mid-nineties, and joined a chartered accountancy practice. Grant was responsible, as practice manager, for business development, corporate recovery and management consultancy services across a wide range of small to medium sized organisations.

In 2001 Grant joined MGI, a highly ranked international chartered accountancy practice. As a principal of MGI, Grant worked closely with entrepreneurs focusing on business development, restructuring, business valuation, and management consultancy. Grant continues to consult for MGI in areas of transition.

Grant also owns an internationally expanding e-commerce business and is director of a number of companies, adding to his experience of value strategy.

Grant still lives in Auckland with his young family and is a keen soccer and tennis player. He retains his professional memberships with The New Zealand Institute of Chartered Accountants, SpringBoard NZ, International Family Business Advisor and Venture Capital Networks.



Growth

Despite years of experience, Domain Associates have never encountered a business owner who did not want their business to reach its full potential. Quite simply, you want your business to thrive and grow.

At every stage of business growth, capacity must increase to keep that growth sustainable. Domain Associates transition services develop strategy for the expansion of your business 'foundation' or capacity. At all levels of your organisation capacity must increase, and this can be by organic growth or acquisition growth.

Mergers and acquisitions

It is widely quoted that less than 50% of acquisitions deliver the expected benefits to the acquirer. Accordingly, if your business is considering an acquisition strategy, it is important that you obtain expert, impartial advice early on in the process. Domain Associates offer advice to shareholders and businesses looking to grow by acquisition, including assistance with:

- formulation of an acquisition strategy;
- target identification;
- approaching potential targets;
- negotiating the terms of the acquisition;
- assisting in preparation of legal documents;
- facilitating introductions to our networks and contacts.

We take a hands-on approach to assist you in sourcing, analysing and negotiating strategic mergers and acquisitions. We also offer clients expertise in performing valuations, undertaking due diligence and offering taxation advice so you know you'll be getting the best price and a fair deal.

Due diligence

Due diligence has been described as an investigation to find skeletons in the closet – big negative surprises. Any acquisition target you're considering must be analysed to ensure it fulfills your overarching strategy. Timing is also a critical component that can cause your new acquisition to erode rather than add to the value of your business.

In addition to the typical investigation, our due diligence service identifies the parts of a business that, when integrated with your business, will continue to add value. With Domain Associates' expert advice and guidance your business and its new acquisition will fit together and enhance your success.



Corporate finance

Development capital/Cash out

At some point you may consider raising external finance. This could be to fund growth or expansion plans, or to allow shareholders to exit. Domain Associates will assess your financial needs and investigate sources of new finance, including assistance with:

- Raising and structuring bank debt;
- Raising and structuring private equity/venture capital;

Applications for Finance

We are often involved in sourcing debt finance for our clients. In order to secure the finance on reasonable terms and conditions, it is critical that you are adequately presented to the financier. We work with specialist resources to offer you this service under your strategic plan.

Capital Raising

Our advisors have extensive experience in evaluating the most appropriate way to fund a business and our network of financiers, business angels, domestic and international venture capital funds can provide necessary capital.

Strategic financial analysis - growth

Growing your business beyond its current level can be a complex process. Whether you're expanding overseas or getting investors in, having a clear understanding of the health of your business is critical. Domain Associates' reporting packages include a 'dashboard' of key indicators so your board and management can make the right growth decisions at the right times. These key indicators are always financial, but can also include non-financial aspects, which examine things like your client base and internal processes.

Restructuring

With your knowledge of your business, our specialised consulting skills can help you to create that important competitive edge, while still allowing your business to grow. The services we provide are focused on:

- The reduction or elimination of wasteful practices;
- Increasing the efficiency and effectiveness of your business;
- Maximising business capacity;
- Clarity of direction and communication;
- Operational Efficiency and Control.

Stock control and costing reviews may form part of the overall systems review, or may be performed separately. Our reviews are practical and focus on maximising effectiveness, capacity and efficiency. With your business running at its maximum potential, you'll attract more investors, and receive better financial returns.

Governance

Governance at the growth phase is heavily focused on building capacity within your business.

Often the culture of the board, management or even the team can limit the next phase of your businesses development. This is a stage where a change in board members and/or CEO may be needed. With Domain Associates Transition Services, you will be confident knowing when to act and where change in the mix is required. By keeping the strategy on-point in this way you'll be steering your business towards greater value in the future.



Exit

Exit is a stage in your business cycle that is eventually unavoidable. Strategy is a crucial step in helping you realise your business's true value, so you can reap the benefits.

Unless you're planning on keeping some interest in your business, the point at which you exit is your last chance to make the most of the years of hard work, so getting the strategy right is critical. For the serial entrepreneur, every exit is the opportunity to extract value.

Creating value in this area calls for an understanding of business valuation. Our professional background in chartered accountancy consulting allows us to identify the parts of your business where value can be optimised. We then develop strategies for your business to realize this value as part of an exit transaction.

Our intimate involvement with the MGI Private & Family Business Survey 2007, which covered more than 5,000 New Zealand businesses, has given us a complete picture of the circumstances impacting on business owners. With this knowledge, we have developed an range of exit options to suit you, even in an environment of greater supply than demand. With our help, you can sell your business for the best price, and achieve the lifestyle you always wanted.

Investor Ready

In 2006, Grant was a part of ground-breaking research conducted by Australasia's foremost academic authority on succession planning, Prof. Kosmas Smyrniotis of RMIT University. This research was reported in the MGI New Zealand Private & Family Business Survey 2007. One of the major findings, and the greatest cause for concern, was the reality confronting business owners:

"83% have indicated their intention to retire in the next 10 years."

This creates a stampede of owners trying to sell their businesses. Such an over-supply could seriously challenge your ability to achieve the value you want for your business, unless, of course, it's "Investor Ready" or exit ready.

In response, Domain Associates developed Investor Ready to combat the looming threat.

With many business owners putting off selling or retiring until the global economic recession passes, that over-supply will be compressed into a narrower window, which accentuates the problem. You won't want to defer your exit at the expense of your desired lifestyle.

Even if you feel fit, active and healthy at the traditional retiring age, you will still want your business to be investor ready, so you can take advantage of unforeseen opportunities and be ready for any eventuality.

Investor Ready Program

In modern business there are a bewildering number of best practices, legal requirements and standards. For an owner-managed business some of these seem unnecessary at times. However, when you come to sell your business these procedures, practices and requirements can become critical in the eyes of a potential purchaser.

Accordingly, it pays to be prepared for the purchasers' or successors' due diligence process. This will enhance your business value and smooth the way for an exit process. Domain Associates have developed a comprehensive Investor Ready Program, which covers the key areas of a business. This serves as a business health review, which is important to implement before starting the sales process.

Investor Ready Service

A change in ownership is a decisive step for any business proprietor. With twenty years of assisting our clients through this process, we have developed our unique Investor Ready Service.

The Investor Ready Service is designed to ensure your business capitalises on its strengths and opportunities, and identifies and builds on its unique characteristics. Our initial work will give you a simple report, which identifies the key areas in your business where additional value can be extracted.

We then work with you and your staff to ensure your business benefits from the strategies being implemented. A strong, vibrant business will weather ownership changes with ease.

To assist you in making your business ready for investment, we tailor a plan from our 21-step Investor Ready Program that includes:

- The preparation of strategic/business plans;
- Strategy development workshops;
- Implementation of corporate governance strategies;
- Performance reporting;
- Sourcing of debt or equity investment.

Strategic financial analysis

In an age of increasing attention to Corporate Governance, it is critical that governance and management has the right information at the right time. Our reporting package includes a 'dashboard' of key performance indicators in a concise reporting format with an emphasis on 'early warning indicators'. These cover both financial and non-financial aspects.

If you are looking to sell or retire from your business, our reporting package will ensure all your performance indicators are actively managed towards your targets, and your governance issues are taken care of. Prospective investors will appreciate the concise information you can provide through the 'dashboard'.

Transaction support

Domain Associates expertise can help guide and facilitate your business through major equity or funding transactions.

Depending on the nature of the transaction, we can help you prepare prospectuses, offer information statements and memorandums. It is critical that these documents satisfy all regulatory requirements and adequately represent the opportunity to investors or acquirers, while at the same time safeguarding your intellectual property.

We work closely with you, your trusted businesses advisors, like your accountant or lawyer, to assess the most appropriate corporate structure for your business. This will also help navigate your taxation exposure during the business realisation process. You can enter into any transactions confident in the knowledge that all documentation has been properly drawn up and presented.

Disposal/Divestment

The sale of a business is usually the biggest financial decision you will make in your life, and you will want to get it right. Typical considerations include:

- price optimization;
- minimal business disruption;
- limitation of due diligence;
- continuation of the business;
- employees' morale & motivation (post deal).

If you're a shareholder of a private company, Domain Associates' advice will help you make the most of the sale of your shareholding. Since each business situation is unique, the sales process will be adapted to your particular circumstances. Domain Associates provides tailored strategies to help maximise your shareholder value while minimising business disruption.

Our team will assist you through all stages of the sale process. Our international network also means we can provide an extensive network for marketing your business globally.

Valuation

We have considerable experience in conducting business and share valuations and can assist you with:

- transactions involving the acquisition or sale of businesses and/or assets;
- succession planning;
- debt and equity raisings;
- group restructures;
- divestments;
- dispute resolution.

Produced in accordance with the proven Economic Value Added methodology, not accounting profit, our valuation models should be an essential ingredient in your transition decision making.

Succession Planning

Succession Planning has been a hot topic in recent years with the oversupply of baby-boomer businesses. Succession is often referred to in the context of generational (parent to child) succession. In reality, only 13% of businesses make it to the third generation¹, because business thinking and approach can be fundamentally different between generations. However, with clear strategy and supportive planning, the strengths that generational businesses have can be used to realise optimum value.

Our specialist expertise in this area has been drawn upon by newspapers and periodicals in articles aimed at equipping people with understanding as they wrestle with these issues. Let Domain Associates help you plan your business succession, and bridge the generation gap successfully.

Governance

Governance is about keeping management 'on point' and focused on the execution of your business strategy.

There are two main areas where we can help your business maximize its value:

- Achieving separation between strategy and implementation within small-medium businesses that have commonality between the board and management.
- Maintaining dedication to that strategy under the pressures that assault the business.

A board can help a growing business maintain accountability; it's the lighthouse that steers a business clear of the rocks. Domain Associates have a holistic approach to governance that can minimize the value erosion of your business and maximize the effectiveness of your business strategy.

¹ MGI NZ Family & Private Business Survey 2007



Lemonade
25¢

Start up

Start up is the most difficult time for your business. Getting established requires a clear understanding of the issues facing emerging businesses such as the best time to enter the market, sourcing capital, planning and research.

Domain Associates have spent many years in a professional environment undertaking corporate recovery, launching an e-commerce start-up, and working at governance level with a number of other clients. This has finely tuned our senses to the key success factors for start-ups, and we have developed strategies to manage these. With Domain Associates, your new business will have the best chance of success.

Strategic planning

It's one thing to have a bright idea, another to make it commercially viable, and yet another to achieve success with it. The answer is a methodical strategy. Once the product or service idea is conceived, and there is proof of its appeal in the market, there must be a pathway towards commercializing the idea into wealth. Our strategic plan takes you through each step, carefully implemented in a manageable and sustainable way, to ensure your business maintains balance.

You will want to pay close attention to the financial aspects of your new business. Domain Associates can help with strategic financial analysis to plot the optimum sustainable growth rate, and ensure you have enough capital along the way. You'll see your new venture gain in strength and value.

Governance

Keeping management focused on the strategy of the business, while maintaining a watch on the critical success checkpoints is vital for your start up. Neglect of early warning signals could see your success trajectory plummet.

Because of the unique qualities and challenges facing a start-up, its governance board needs the skills and expertise of experienced members. With Domain Associates' strategy, the mix around your board can create the necessary balance between diligent management and increasing capacity.

Corporate finance

Development capital

Start-up ventures often need external finance to develop and launch a product, hire expert staff or market a new service. Domain Associates will aid you in assessing your financial requirements, the likely sources and the cost of new finance, including assistance with:

- raising and structuring bank debt;
- raising and structuring private equity/venture capital;

Applications for Finance

We are often involved in sourcing debt finance for our clients. In order to secure the finance on reasonable terms and conditions, we can offer specialist resources brought in for the task, so that your start up business is adequately presented to the financier.

Capital Raising

Our advisors have extensive experience in evaluating the best way to fund your start-up business. We have an extensive network of financiers, business angels, domestic and international venture capital funds that can provide necessary capital.

With Domain Associates advice, your new business will be able to access external finance at the best terms possible.

Strategic financial analysis – start up

When you are starting up a new business, it is vital to keep tabs on all aspects so that opportunities can be seized and problems resolved before any damage is done. Domain Associates' reporting package, with a useful 'dashboard' of key performance indicators, can keep you informed of all aspects of your business activity. A feature of this concise reporting format emphasises 'early warning indicators', so that you always have your finger on the pulse of your new venture.



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