

ARE YOU READY?

If you were to call up potential buyers today, would you be able to tell them how much your business is worth (and back up your claims with **hard financial data**), or would you have to rely on them to tell you what they think your shop is worth, and go from there? Take the questionnaire below to evaluate whether or not you're prepared to speak with prospective buyers.

When Evaluating the True Value of Your Pawn Business, HAVE YOU:

- Determined your priorities and success factors for the sale of your business?**
 - Final Price
 - Leases
 - Non-compete Agreements
- Determined your market? Is your store a good fit for a:**
 - National chain?
 - Regional privately held chain?
 - Private equity money?
 - Your competitor up the street?
 - All of the above?
- Come up with an asking price?**
 - Put on the buyers hat... determine their motivation for buying your store:
 - a. Underperforming (in buyers eyes)
 - b. Competitor Proximity
 - c. Marketshare Availability
 - d. Limited or no available licensing
 - Benchmark your store against others in the area, including buyer's stores:
 - a. Loan Balance
 - b. Yield on Loans
 - c. Gross Profit Margins
 - d. Lending Methodology
 - e. Demographics
 - f. Operating Hours
 - Determine amount of inventory necessary to affect a successful transaction (*hint: it's not necessarily 100%*)
 - Project future revenue performance based on benchmarks and best practices
 - Determine if demographics support growth model assumptions
 - Expense allocation and normalization
 - Determine how buyer measures profitability and performance:
 1. Which expenses do they allocate to the store level?
 2. Which expenses are allocated globally?
- Prepared to negotiate sales price based on data obtained in the prior question?**
- Prepared to negotiate leases (if applicable)?**
- Prepared to negotiate non-compete terms (if applicable)?**
- Determined proper sequencing strategy in order to meet all your success factors?**



CAUTION

Beware of the 'GOTCHAS'!

- 1. Don't get stuck playing the multiples game.**

Stop and ask yourself if you are comparing apples to apples or apples to watermelons.
- 2. Your cash flow is not their cash flow.**

Buyers approach acquisitions as investments. Accordingly they want to know how that investment is going to pay off. Make sure to apply new operating metrics to your business to see what their cash flow will look like.

OF COURSE...

You still have a business to run while doing all of this, and buyers aren't going to help you get a higher selling price.

So what's the answer? You can always call Stallcup Group and we will handle all of these details, and more.

WE DON'T GET PAID UNTIL YOU DO.

 **STALLCUPGROUP**

CARE CLOSING

Our **5-Step Solution** to uncover your true selling power, and guide you through the entire selling process.

C	STEP ONE: COMPANY PROFILE <p>During this initial phase, Stallcup Group determines the characteristics that make your business unique, while taking into consideration your professional and personal goals.</p> <p>Our insider industry experience enables us to accurately determine the tangible and intangible assets of your business and capitalize on them.</p> <p>Throughout this early phase, we consider your strategic growth plans, geographic desirability, and any barriers to entry.</p>	ACTION <p>Basic information gathered via in-person meetings, conference calls, or e-mails may include:</p> <ul style="list-style-type: none">• Relevant high-level financial data• Lease/land information• Basic demographic information• Store history, characteristics, and the competitive landscape• Information pertaining to demographics and demographic analysis	DELIVERABLE <p>Initial price range estimate for your business</p>
A	STEP TWO: ANALYSIS <p>Upon the execution of a representation agreement, Stallcup Group will assist you in gathering more in-depth data in order to paint a detailed financial portrait of your business.</p> <p>Our Pro Forma package presents your financial information in the best possible light by incorporating tangible and intangible factors uncovered during step one of the selling process, and benchmarking them against the competitor store data housed in our proprietary database.</p>	ACTION <p>Stallcup Group representatives will visit your pawn shop and perform the following (confidentially, if necessary):</p> <ul style="list-style-type: none">• In-depth financial data collection• A complete site review• A complete operations review• Preparations for in-depth financial analysis and projections• A review of our Pro Forma package with the owner(s)	DELIVERABLE <p>Completed Pro Forma package with five-year financial projection</p>
R	STEP THREE: RESULTS-DRIVEN MARKETING <p>Stallcup Group's knowledge of current industry trends allows us to effectively market your business to organizations that have a desire or need to purchase businesses such as your own.</p> <p>We will market your business in a way that takes full advantage of our ongoing relationships with multiple national buyers who are aggressively seeking to purchase businesses that are the right fit right now.</p>	ACTION <p>Stallcup Group will execute non-disclosure agreements and begin discussions with potential buyers.</p>	DELIVERABLE <p>Identification of and information pertaining to interested buyer(s)</p>
E	STEP FOUR: END NEGOTIATIONS <p>Other firms will haggle until all parties are exhausted simply to end negotiations and get on with closing. At Stallcup Group, we believe in presenting buyers with solid data that supports the seller's asking price.</p> <p>We take the negotiating out of negotiations by leading with the facts; the data doesn't lie. This enables us to stop negotiating and start discussing realities. In our experience, this wins our clients the best possible terms in non-compete, inventory, and lease agreements.</p>	ACTION <p>We put an end to negotiations and begin honest discussions with potential buyers that have the power to help owners achieve their unique goals.</p> <p>Owners are kept informed of all discussions and progress along the way.</p>	DELIVERABLE <p>Signed letter of intent</p>
CLOSING	STEP FIVE: CLOSING <p>Closing is typically a hectic and activity-filled time. Stallcup Group smooths out the wrinkles that, historically, have plagued shop sellers. We pre-negotiate favorable seller terms in asset purchase agreements, avoid boilerplate agreements, and eliminate much of the back and forth that normally occurs during closing.</p> <p>Our on-site presence during the buyer audit ensures that audit results properly reflect inventory and loans, and that results are delivered in a positive manner. This leads to a significantly improved overall evaluation.</p>	ACTION <p>During closing, Stallcup Group:</p> <ul style="list-style-type: none">• Coordinates due diligence activities with the buyer• Attends on-site buyer check-out process along with the buyer's audit team• Coordinates with all parties to finalize closing documents• Handles any closing paperwork associated with the sale of your store or stores	DELIVERABLE <p>Cash in owner's hand</p>

