



The Fine Art of Corporate Growth



Corporate Growth-Expansion

Growth is everything to a business. If it is not growing it is stagnating. If it is not growing at the same rate as the industry, it is losing market share to the competition. Growth and expansion is not only good for the bottom line, but also for the employees so they can see the future with the company. It is good for the customers, and it is good for the community.

The principals of E|Enginuity are known for their expertise in designing and executing very successful growth plans in the AEC industries over four decades. They received both the Inc 500 #34 and #9 Awards for corporate growth. Because of the experience in designing, modeling and executing complex roll up programs, the principals of the Enginuity Group can do this for your company as v

What is Unique About E|Enginuity?

The company is unique for several reasons:

- We evolved from decades of designing, executing and managing comprehensive corporate growth programs for our own A/E companies
- 40 years designing the end result and the pathways to achieve it, we became highly experienced and skilled in this fine art.
- Specialize in A/E/C...not generalists
- 100% Satisfaction Guarantee or refund of fees
- Track record of several ultra fast growth companies the principals have built over the years with awards for growth and entrepreneurship.
- Company is known for its creative deal structuring for a win-win for both buyer and seller.

Corporate Growth Design

When you think of growing a company, you most likely think of selling more, hiring more sales agents, and/or maybe acquiring another company. Yes, those items are part of an overall growth program, but there is much more if you want it to achieve the assumed objective of exponential value increase.

You must have a **BluePrint**

It starts with a thorough understanding of your end goal, i.e, what do you want it to look like, what size in revenue and earnings? Same service or product, or diversity? Single geography or multiple? Centralized management or decentralized? And so forth.

You can no more properly & seriously expand a core company without a plan any more than you can build a building without a blueprint...

Corporate Growth Design

The Financial Pro Forma becomes the road map.
Critical decisions must be made at this stage:

How large do you want it to be?

How fast to achieve the end result?

Average Size of each acquisition?

Average acquisition currency breakdown

Ratio of equity to debt for each acquisition?

What degree of leverage to employ?

Average investment and time for each non
acquisition component?

Budget...where is the capital coming from? Cash
flow, retained earnings, outside investors, and
understanding the pros and cons of each

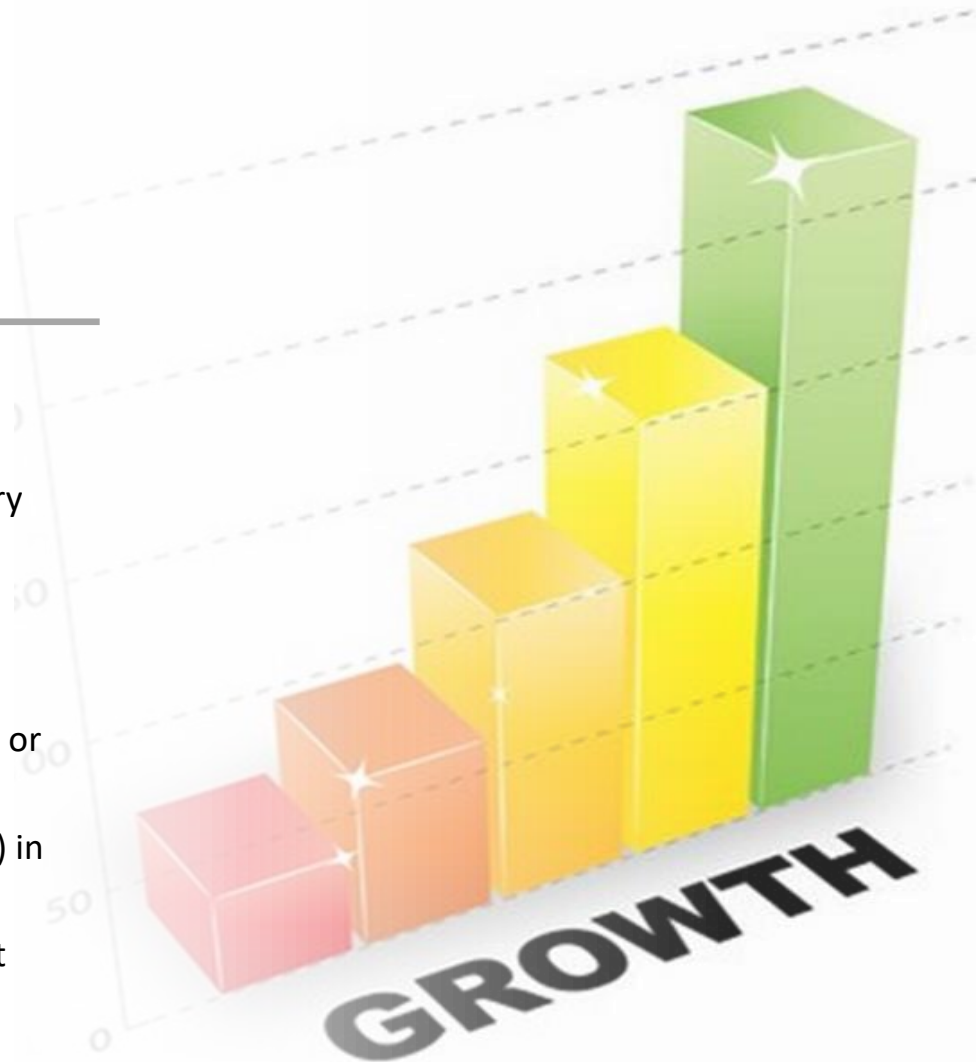
Are acquisition targets for mass, synergy,
geography or combination?

Corporate Growth Design

The Financial Pro Forma, aka, the Road Map

Five (5) Variables working together as Primary Metrics:

- Acquisition/Installation rate on average
- Leverage ratioinitially vs ultimately
- Average starting EBITDA of each acquired or installed units over 5 years
- Average amount of Roll Over Equity (ROE) in each acquisition
- Assumed organic growth rate of each unit (Revenue & EBITDA contribution)



Components of Growth and Expansion



INTERNAL DIVERSITY

Add more complimentary services and products to your core base by several means for increased market

ORGANIC GROWTH

Hire more, sell more of your product to more customers in each market

SEEDING & CLONING

Zippping up a minimum configuration of your current operation and planting it in a new area. Then water it and let it grow.

ACQUISITION

Growth by acquiring other companies in same or different geographic areas with either the same or complimentary services.

Buy Side Acquisition Process

Once the Design is done, you can focus on the individual aspects of executing the plan.

The Enginuity Group has honed the *buy side* process to an art. It has been buying companies since 1983 primarily as part of several national roll ups.

Along the way, they figured out the tactics and techniques to bring a CEO of a company that is “not for sale” to the discussion table and to be available to be acquired. After that many years, they must have learned something.

Buy Side Acquisition Process

It is not just calling an Owner or CEO and asking if they would like to talk about being acquired.....

That is the quickest way of eliminating that potential target.

As with the initial growth design, proper research and planning is just as critical here. You usually have one and only one chance at attracting the attention once you have identified a “target”..... Do your homework!

Buy Side Acquisition Process

If you want the best acquisition candidates, take your time and research, and only if you have enough solid data to support your initial target assumption, do you act on it....

This requires, among other things:

- Great databases
- Great research skills
- Understanding filters & how to use them
- Polished conversation skills
- A bit of *Craftiness*

Buy Side Process

E|Engenuity provides a comprehensive 6-7 component program, depending on the level of assistance the client desires. This begins with the identification of target criteria.

Taking the time to research the industry and determine the criteria of a target candidate, then identifying those companies that fit the criteria is the key to a successful buy side process.



Buy Side Process

The next important aspect is understanding how and how not to approach and engage the target.

You have one shot at this, so hitting the bullseye is critical.

Having done this for 40 years, The Engenuity Group has honed this aspect to a science.



Conclusion

- Unless you have the time and patience to learn by doing and making a lot of mistakes along the way, taking a single company, regardless of size and turning it into one of 10 times that size over a set period of time, takes careful planning, sharp financial modeling skills and, above all, experience in growth design and “buy side” acquisition processes.
- If you don’t have that, talk to us about your goals and see what we can do to help you achieve the objectives. We don’t just talk, but solid success stories under our belts.



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