

Intermodal Connects



The Art of Responding to an Unsolicited Offer

August 10, 2022

2:00 PM EDT

Housekeeping



- Audience will be muted
- A question & answer session will follow the presentation
- Submit questions by clicking the Q&A icon at the bottom of your screen
- A recording of this webinar, including the slides, will be available in the near future

Today's Presenters from Tenney Group



Spencer Tenney
President & CEO



Charles Tenney
Founder

THE ART OF RESPONDING TO AN UNSOLICITED OFFER

PRESENTED BY
TENNEY
GROUP

**WHY BOTHER RESPONDING
TO AN OFFER IF YOU AREN'T
INTERESTED IN SELLING?**

RESPONDING EFFECTIVELY TO AN OFFER CAN:

- Protect your company's legacy.
- Create more opportunities for current employees.
- Ensure you don't leave money on the table.
- Leave the door open for future conversations.
- You will learn something new.

RESPONDING POORLY TO AN OFFER CAN:

- Waste valuable time.
- Compromise confidentiality.
- Lose the best deal you may ever get.
- Burn a bridge with an ideal buyer.
- Miss your window to exit.

**HOW DO YOU MAKE THE
MOST OF YOUR MOMENT?**

RULES OF ENGAGEMENT



Establish
Confidentiality



Communicate
Expectations



Create Timeline
for Action



What info will be shared?

Value Range

May 7th, 2021

PERSONAL & CONFIDENTIAL – INDICATION OF INTEREST

To the ABC Trucking Team:

Thank you for the opportunity to learn more about ABC Trucking and for allowing my team to explore a possible transaction together. We are optimistic that, with your help, we can clearly understand the complete risks and rewards associated with a business purchase and confidently move forward. Please consider this letter our indication of interest to purchase the assets of the ABC Trucking.

In the interest of efficiency, I would like to provide you a framework for a possible offer. Hopefully, this will help expedite the process of getting our goals in alignment with one another. My team is interested in a transaction that contains the following characteristics:

- Proposed Consideration Structure based on our current understanding of ABC Trucking:
 - Range of total consideration of \$XXX - \$XXX, with structure varying based on:**

Total Consideration	\$XXX - \$XXX
Basis of Valuation	Multiple of LTM EBITDA
Consideration Structure (i.e. range or % of Cash vs. Contingent)	\$X - \$X Cash Up to \$X Contingent
Contingent Consideration Type (i.e. Earn-out, etc.)	Earn-out
Basis of Earn-out (i.e. Revenue, Gross Margin, Operating Income, EBITDA, etc.)	
Approximate Length of Earn-out	X-X years
Approximate Length of Management Team Involvement in Transition	X-X years
Approximate time from LOI execution to Purchase Agreement execution (i.e. time for Diligence / Purchase Agreement drafting)	X Days

Template – Indication of Interest (non-binding offer)

- Buyer would expect to:
 - Evaluate key employees and determine possible employment contracts.
 - Negotiate leases with the seller for the main facilities used in the operations of the Company.
 - Require assistance from key employees following close of transaction for a mutually agreeable period.

If the proposed transaction framework or a similar framework is acceptable to seller, buyer proposes to move forward with the following next steps:

- Execute a letter of intent that clarifies expectations for all parties concerning terms and process for completing a transaction.
- Perform customary due diligence.
- Finalize the purchase agreement.
- Work together with the ABC Trucking team to formulate a thoughtful transition strategy that meets everyone's objectives.
- Complete the transaction.
- Celebrate the beginning of an exciting new chapter for all parties involved.

Again, my team is very enthusiastic about the possible purchase of the ABC Trucking. Thank you for your time and consideration. I look forward to your feedback.

Sincerely,

Name

Title

ABC Trucking

WHAT DO I DO NOW THAT I HAVE AN OFFER?

- Get Context via 3rd Party Valuation
- Evaluate Offer Against Future Goals
 - Retirement? Legacy? Community?
- Define the Gaps
- Establish Tools to Close the Gap
 - Time, Capital, Energy, Appetite for Risk

CASE STUDY

1 MONTH

- 13 Offers
- 8 Buyers
- 30% Increase in Price

CONVENIENCE = DISCOUNTED VALUE

CONCLUSION



Be Expectant



Be First



Be In Control



How to Respond to an Unsolicited Offer



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For more information on this topic, download our free whitepaper.



<https://www.thetenneygroup.com/respond-to-an-offer/>

THANK YOU!

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Q&A

Enter your questions
using the Q&A button



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