

XPX Case Study for Breakout Sessions: Early, Mid & Late-Stage Preparations for Exit

Tom has a software company that has been around for 15 years and has done quite well, in his opinion.

He has expressed his intention to hire an investment banker in a year to sell the company – an S Corp with about 100 employees. He owns 100% of the company.

A bit more about the company:

- Has \$20 MM in revenue and has been growing at about 5% a year for the last few years.
- Tom has an accountant who has done compilations for the last few years, and a review last year.
- Tom does little forecasting and has never done a thorough forecast for his company.
- Tom's gross margins are about 50% with operating margins in the 15% range
- The "niche" in the software industry in which Tom competes has been growing at 8% a year and typically has 60% gross margins and 25% operating margins.
- While Tom is the clear leader of the company, he really has not given any thought to who would succeed him at the company, even though he wants to be out of the company within a year of the sale

As Tom's advisors, what you recommend he do NOW to make sure he completes a successful sale – a process he hopes to start in a year.