



B2B CFO® Strategic Business
Advisory Expertise Helps a
Struggling Software Company
Sell for \$11,500,000

OVERVIEW

With future uncertainty, a Wisconsin-based software and professional services organization was struggling financially in the face of customer attrition and market headwinds. They were armed with a sophisticated software product and strong brand recognition, but during the fourth quarter of 2012, the company CEO, Nancy, was notified that a major customer was electing not to renew their contract. The customer accounted for 45% of the company's 2012 annual revenue. Experiencing market share pressure, excessive debt, cash flow challenges, negative net worth, and a looming retirement, the owner knew she had to act quickly to ensure survival.

This software company needed a trusted business advisor to develop results-driven growth strategies to reassert profitability in the short term, while at the same time positioning the business for an eventual sale.

Experiencing market share pressure, excessive debt, lack of cash flow, a negative net worth, and a looming retirement, the owner knew she needed to act quickly to save the company from further decline.

APPROACH

To steer the company in the right direction, Nancy contacted B2B CFO® and was matched with Brian Christian, a Milwaukee-based Partner who is a veteran CPA with a track-record for helping companies with complex financial management and operational needs. Offering over 20 years of experience leading and managing start-up to middle-market companies, Brian was a perfect fit to help this client overcome their most pressing challenges while enhancing enterprise value.

Using the B2B CFO® proprietary Gap Diagnostic Analysis™, Brian assessed various data points to establish industry benchmarks and financial objectives. For Nancy specifically, her goal was to pay off debt – which had escalated to \$700,000 – while also reducing her active involvement in the company. With a clear set of goals established, Brian was able to develop a multi-year growth plan that would position the company for profitability, scalability, and a business transaction at the maximum price.

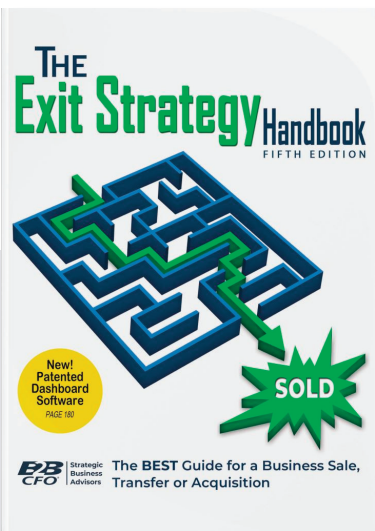
Entrusting Brian's past experience in turning companies around, he implemented a monthly valuation metrics report and unveiled opportunities to help the company boost cash flow. He immediately identified recurring revenue opportunities including upselling software subscriptions and offering professional contracted services. This new business model created an additional \$360,000 in revenue without adding so much as a new customer.

Brian also spearheaded vital operational improvements including creating a share appreciation rights plan for the President/COO. By changing the compensation plan from salary and commission to salary plus bonus (all based on meeting or exceeding goals), the performance of the company sales dramatically improved. Furthermore, Brian created a quarterly customer-by-customer profitability analysis and deployed processes that improved the company's accounts receivables to weed out inefficiencies, further increasing cash flow.

It was then time to help Nancy prepare for the early stages of the business sale. She had read ***The Exit Strategy Handbook***, by B2B CFO®, and learned about the steps business owners need to take to drive value when selling a business. The book outlines intricacies throughout the process and helps to identify and minimize obstacles before they derail the deal.



**Brian Christian,
B2B CFO® Partner
and CPA with over
20 years of financial
management
and operational
experience ranging
from start-up to large,
mature entities.**



The Exit Strategy Handbook guides owners in the steps needed to drive value when selling a business.

RESULTS

By partnering with the right expertise for its business needs, within a few short years this software company's profitability soared, its net worth increased, and the company was functioning seamlessly on its own.

In 2020 when it was time for Nancy to sell the business, she followed B2B CFO's® recommendation and assembled her Success Team™ – which is a team of advisors that will work alongside the business owner throughout the business transaction to make sure the company is ready for all aspects of the sale. Nancy and Brian worked together to convene experts from all pertinent fields, including attorneys, accounting firms, investment bankers, and M&A advisors. Once the team was assembled, they got straight to work – and the software business found itself at its peak health, debt-free, and ready to sell in 2021.

The M&A firm ultimately acted as sage counsel uncovering a universe of potential buyers while securing pre-Letter of Intent bids from four potential buyers. The Success Team™ was instrumental in helping seize the right opportunity when it presented itself. In October 2021, the Letter of Intent was executed to the finalist and about thirty days later, the owner closed on the sale for \$11,500,000 in cash. Based on the 2021 EBITDA, the owner realized a multiple of 12.65.

Transitioning into retirement can be a very emotional time for entrepreneurs who devoted decades to the business they built. For Nancy, relying on B2B CFO's® proven process and the experience and dedication of Partner, Brian Christian, provided her with the business outcome, retirement financial goals, and legacy she could not have imagined ten years prior.

IN CLOSING

As an owner of a privately-held company, we know you have a lot on your plate. You are constantly faced with challenges: optimizing cash flow, maximizing profitability, accelerating growth, and planning your eventual exit. B2B CFO® Partners is an indispensable strategic advisor to your business. We are the bridge between your company's vision and execution.

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**Start your success story today.
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