

# CUTWATER INVESTMENT ALGORITHM™

CUTWATER  
SHIFT

EQUITY REVITALIZATION

## MISSION STATEMENT

We activate and realize our clients' optimal value by driving improved business results, overcoming challenges and eliminating vulnerabilities.

## CUTWATER SHIFT

**S** = Sustainable  
**H** = Holistic  
**I** = Innovative  
**F** = Fiscally-Focused  
**T** = Transition

Ask us about each of the components of our SHIFT Implementation - they are critical to a successful transition.

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## What is the Cutwater Investment Algorithm™?

The Cutwater Investment Algorithm™ is a full evaluation of a business from 39 critical metrics custom-designed by 30 year business veterans. With expertise in investment banking, private equity and private business ownership, the Cutwater Investment Algorithm™ identifies the sustainability, future potential, operating health and other customized objectives for the client in preparation of a transaction or capital event.

## Who uses the Cutwater Investment Algorithm™?

- Merger & Acquisition Firms
- Private Equity Groups
- Venture Capital Groups
- Banks & Other Lending Institutions
- Risk Management Firms
- Private Companies
- Internal Boards of Directors
- Investors

## What does the Cutwater Investment Algorithm™ evaluate?

- Companies for takeover
- Companies considering a sale, or already for sale
- Companies under evaluation for lending
- Investment groups selling portfolio companies
- Investment groups seeking acquisition
- Private business owners seeking objective evaluation and direction

## What are the primary uses of the Cutwater Investment Algorithm™?

- Potential fit for a strategic acquisition including redundancies, risk, market penetration, cash flow increases, etc.
- Market share, business development, channel partner and sales and marketing analyses
- Operating and organizational development analyses including executive leadership, culture assessment, synergy, production efficiency, etc.
- Loan repayment, return on capital analyses, investment opportunity analyses
- Risk management analyses including loss run analysis, work-comp assessment, policy/procedure analyses, sexual harassment and other investigative analyses
- Overall evaluation of the value and sustainable ongoing business concern from the perspective of investment banking, private equity and venture capital specialists using proprietary evaluation methods not available/accessible to the public.

## Collaboration Opportunities

- Co-investment for growth capital
- Investment Banking transactions
- Connection to sector-focused private equity or investment groups
- Strategic connection and alignment for vendors, channel partners, sector-focused consulting groups, etc.

## Costs

- \$5,000 - \$10,000 analyses for most evaluations
- Fees waived for certain collaborative initiatives
- Customized pricing for specific analyses

# Cutwater Investment Algorithm™

5/29/2015

Principal Contact  
Operations Contact

<b>Overall Score (1 -10)</b>		<b>5.52</b>
Ownership Entity		40%
Operations Contact		41%
Legal Structure		43%
Competition		51%
Industry Trending		90%
Growth to Fortune 500		42%
Product / Service Survivability		89%
Strategic Acquisition Attractive		69%
Sustainability		45%
Timing to Optimum Value		42 Months

### Critical Categories

Culture Assessment
Org Dev Assessment; Communication; Synergy
Growth Flexibility in Structure (Shareholders/founders)
Early Balls and Chains - people or land mines
Protection Measures for Critical IP
Current Market Share Competitor threats
Organizational Structure integration expandable to F500
Merger Precision Score to Merge with F500
Current Operations geared to continue indefinitely

### Primary Strengths

Current Industry Appetite for Product
Future Trend of industry for product
Security of The Product/ Service in the marketplace
Security of the industry going forward
Demand for this type of company

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## What is a Salability Profile<sup>SM</sup>

When the ownership of a company determines that it may be time for an exit strategy to be implemented, the first tangible step for Cutwater Shift is to create a "Salability Profile". The ultimate goal of the profile is to identify the key components that will be critical to the successful implementation of the exit strategy. Cutwater conducts a series of assessments and analyses that help determine the key ingredients to the Salability Profile. The primary assessments are outlined below:

### State of the Company (SOTC) Assessment

The SOTC analysis provides a detailed look into the main areas surrounding the business and its environment. Industry, marketplace and competitive analyses are conducted to analyze conditions in the market and identify the competitive position of the business from the eyes of a strategic acquirer. A comprehensive SWOT analysis is conducted, also through the eyes of a potential acquirer, to identify the key differentiators that are most attractive, and the vulnerabilities that are most troubling to a strategic acquirer. A vision workshop concludes the SOTC analysis and crystallizes the direction and end goals for the ownership group.

### Full Operations Assessment

Cutwater Shift, along with one of its strategic partners, performs a comprehensive operations assessment that looks at every significant process in the company. From this assessment comes the road map to physically implement measurable improvements in the products, process, systems, and behaviors to directly and swiftly achieve results above and beyond what our clients are able to accomplish with their own resources.

### Comprehensive Risk Management Assessment

Not your ordinary property and casualty overview. Cutwater has a customized full risk management assessment program that is directly focused on identifying the risks associated with a strategic acquisition. In all Cutwater initiatives, we think with the end in mind. If there is going to be a roadblock that could prevent a transaction from closing, we seek to identify and conquer that challenge early on.

### Executive Leadership Assessment

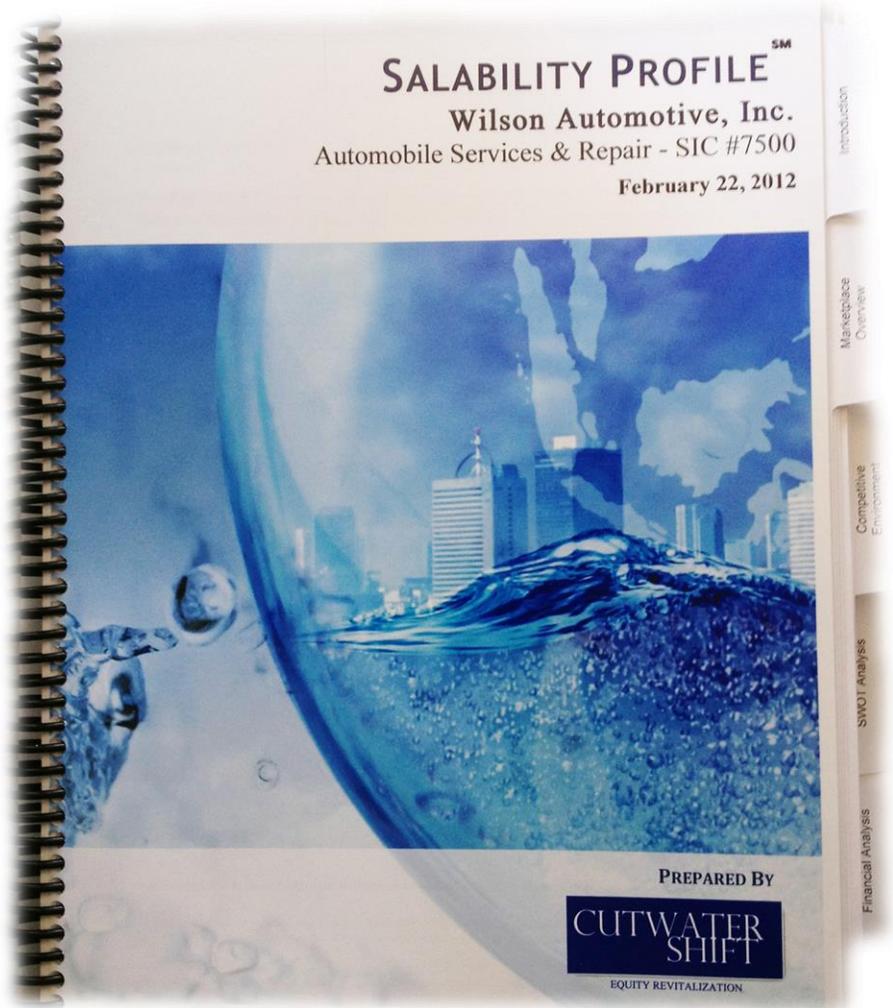
The number one soft key to a successful merger or acquisition, according to a recent KPMG study, is solid executive leadership. When the principals of a company decide to sell their business, a successful transaction will often require stronger executive leadership in order to fully realize the optimum value of the business and navigate the complex transition and transaction processes. Cutwater Shift brings a network of strong CEO and executive C-Level advisors that will temporarily help navigate the company operations to a successful transaction achieving the optimum value established in the assessment phase.



**CUTWATER SHIFT**  
YOUR NEW MERGERS & ACQUISITIONS FIRM

Wilson Automotive – Salability Profile

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**OUR SERVICES**

**BUSINESS INVESTIGATION**

**COMPETITOR ANALYSIS**

**STRATEGIC ATTACK  
PLANNING**

**CONTAINMENT of  
CRITICAL ISSUES**

**DUE DILIGENCE**

**SALES & REVENUE  
INVESTIGATION**

**EXECUTIVE PLACEMENT**

**EXIT STRATEGY  
IMPLEMENTATION**

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