

NORTHSPAN

COMMUNITY BUSINESS ORGANIZATIONAL DEVELOPMENT

PREFERRED VALUE ACCELERATION METHOD

2023 PRICING CURRENTLY INCLUDED



Whether your business is on the verge of a transition or you're just looking for a long-term plan to build its value, Northspan's preferred value acceleration method lays the groundwork to build wealth. It uses proven facilitation methods to guide clients toward clear goals and feasible, achievable action steps. While our specific scope may vary from client to client, this method drives our work.

OUR GOALS FOR YOU

1. Maximizing the value of your business
2. Ensuring you are personally and financially prepared
3. Ensuring you have planned for the third act of your life

WHEN DO YOU PLAN TO TRANSITION YOUR COMPANY?

- 30% plan to transition in 1-2 years
- 36% plan to transition in 3-5 years
- 19% plan to transition in 6-10 years
- 15% have no plans to transition

Source: 2023 Minnesota State of Ownership Readiness Survey



APPROACH

Northspan designs an engagement scope with the prospective client and presents a proposal. Northspan's preferred value acceleration method includes three phases:

- I. Discover
- II. Prepare
- III. Decide

PHASE I: DISCOVER | CREATING ACTION PLANS

- **Conduct Personal, Financial, and Business Assessment** **\$1,330.00**
- **Conduct Comprehensive Conclusion of Value** **\$16,800.00**
- **Launch into Strategic Business Action Plan which is conducted over 5 workshops:**

Workshop 1: Education \$850.00 90 Minutes

Deliverable: Team educated on the Value Acceleration Method

This includes overall education on the VAM process and the expected outcomes of each workshop.

Workshop 2: Strategic Consensus \$2,160.00 3 hours

Deliverable: Historical Scan and 3-year Strategic Directions Identified

This includes conducting a historical environmental scanning survey prior to the workshop to ground the 3-year plan and determination of the strategy.

Workshop 3: Focused Implementation & Metrics \$1,460.00 3 hours

Deliverable: 3-year actions determined and put on a timeline that is grounded in first 90-day actions

This workshop focuses on what needs to be accomplished and how it will be measured.

Workshop 4: First Quarterly Action Plan \$1,460.00 3 hours

Deliverable: 90-Day Implementation Plan

This workshop is with those who were assigned a quarterly action. Each action leader will describe their action/project using the 90-Day implementation planning tool.

Workshop 5: Metrics and Feedback System \$850.00 1 hour

Deliverable: Company Dashboard

In this workshop, we will develop a key performance dashboard that will provide an opportunity for regular feedback.

PHASE II: PREPARE | EXECUTING & DELIVERING ON THE ACTION PLAN

- **Formalization of Assessments, Comprehensive Conclusion of Value, and Strategic Business Action Plan**

- **Option to create a 90-Day Action Planning process**

Quarterly Action Plan Workshops, *option to conduct every 90 days* **\$1,460.00**
3 hours

Deliverable: 90-Day Implementation Plan

This workshop is with those who were assigned a quarterly action. Each action leader will describe their action/project using the 90-Day implementation planning tool

- **Option to conduct an Annual Planning Retreat**

Annual Evaluation & Quarter 1 Planning Workshop **\$4,620.00**

8-hours, in-person with lunch

With the Whole Company

Recollection of Strategic Business Action Plan & Review the year and reboot the strategic directions.

Year 1 Presentations

Each staff strategic direction team will present on Year 1 including the accomplishments to date, what didn't get done, blocks, learnings, and implications.

Year 2 Actions Reboot

Whole group to go through the strategic directions and consider the new Current Reality, Success Indicators, and Actions needed to achieve success.

- **Lunch Together** -

With Strategic Directions Teams Only

Year 2 Actions Reboot: Refinement

Refine the updated Actions set by the strategy committee and assign strategic direction teams and leads

Update Timeline and Present

Lay the actions out on an updated timeline

Draft 90-Day Plans

Work in the newly created strategic direction teams to create a draft plan for the next 90 days and present that back to the group for enhancement ideas

Present 90-Day Plans

Each team presents out to the group for enhancement ideas

Other Optional Workshops

12, Mid-Month 1:1 Check-In Workshop with project champions, 30 minutes each **\$185.00**

12, End of Month Accountability Team Workshops, 1 hour **\$370.00**

PHASE III: DECIDE | GROW OR EXIT

Exit Options Workshop

90 minutes

Pros and Cons

\$1,275.00

Keep or Sell Workshop

1 hour

Recommend revisiting every 90 days

\$850.00

Reassess and Conduct Update of Short Form Conclusion of Value

\$2,040.00

Emergency Succession Plan

\$2,280.00

DELIVERABLES

1. Personal, Financial, and Business Assessment
2. Comprehensive Conclusion of Value & Reassessment
3. Strategic Business Action Plan
4. Emergency Succession Plan



TYPES OF APPRAISAL REPORTS

A. Abbreviated: Calculation of Value = ~\$2,525.00

B. Basic: Short Form Conclusion of Value = ~\$5,165.00

2B. Basic Update: Update of Short Form Conclusion of Value = ~\$2,040.00

C. Comprehensive: Comprehensive Conclusion of Value = ~\$16,055.00*

* *Specialized industry & economic data may be required and included at a cost of ~\$2,500.00*

A. Abbreviated: Calculation of Value

A calculation of value engagement report will have the following content:

1. Initial conversation with business owner or banker to determine purpose of valuation and type of report needed :

- a. Business engagement/client correspondence
- b. Identify the business description, organization type, and purpose of appraisal; look up state of incorporation and other applicable information
- c. Correspondence & materials collection

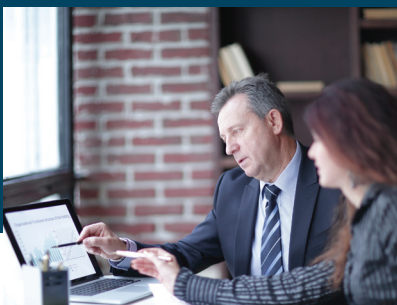
2. Conduct valuation using the following guidelines:

- a. Conduct financial statement spreads
- b. Research industry for comparable sales and regional economic data
- c. Research geographical location for median and officers' wages
- d. Observe physical business & site visit
- e. Analyze business value using the cost, income, or market approach
- f. Incorporate classes of securities outstanding and a list of shareholders into report; include the effective as of date of the appraisal, the date report was prepared

3. Compile & write report(s) and assumptions

4. Final designed and formatted valuation report

5. Meet with client to review the business valuation report and conclusions of value, and discuss next steps based on the purpose of the business valuation report



B. Basic: Short Form Conclusion of Value

The short form appraisal report presents conclusions together with brief generalized comments that has the following content:

1. Initial conversation with business owner or banker to determine purpose of valuation and type of report needed :

- a. Business engagement/client correspondence
- b. Identify the business description, organization type, and purpose of appraisal; look up state of incorporation and other applicable information
- c. Correspondence & materials collection

2. Conduct valuation using the following guidelines:

- a. Conduct financial statement spreads & Initial Analysis
- b. Research industry and regional economic data
- c. Research geographical location for median and officers' wages
- d. Observe physical business & site visit
- e. Analyze business value using the cost approach
- f. Analyze business value using the income approach
- g. Analyze business value using the market approach
- h. Applicable discounts and premiums such as minority interest, control, marketability, or lack thereof
- i. Compile and calculate value of business & conduct "sanity" checks

3. Compile & write report(s) and assumptions

- a. Initial formatting, data entry and report write-up
- b. Incorporate classes of securities outstanding and a list of shareholders into report; include the effective as of date of the appraisal, the date report was prepared
- c. Note any special factors and assumptions that affected the opinion of value

4. Final designed and formatted valuation report

5. Meet with client to review the business valuation report and conclusions of value, and discuss next steps based on the purpose of the business valuation report



2B. Basic Update: Update of Short Form Conclusion of Value

Northspan's approach to the preparation of a business valuation updated report uses the following elements:

1. Initial conversation with business owner or banker to determine purpose of valuation and type of report needed:

- a. Business engagement/client correspondence
- b. Correspondence & materials collection

2. Conduct valuation with the following actions:

- a. Update financial statement spreads
- b. Research significant industry changes in regional economic data
- c. Research changes in reasonable median and officers' wages
- d. Update business value using the cost approach
- e. Update business value using the income approach
- f. Update business value using the market approach

3. Compile & write report(s) and assumptions

4. Final designed and formatted valuation report

5. Meet with client to review the business valuation report and conclusions of value, and discuss next steps based on the purpose of the business valuation report



Specialized industry & economic data may be required.

The formal detailed appraisal report is a prepared comprehensive business appraisal report that has the following content:

1. Initial conversation with business owner or banker to determine purpose of valuation and type of report needed :

- a. Business engagement/client correspondence
- b. Identify the business description, organization type, and purpose of appraisal; look up state of incorporation and other applicable information
- c. Correspondence & materials collection

2. In-depth economic research and data collection

- a. Research economic conditions affecting the business, its industry, and the general economy
- b. Trend analysis of general economy and business industry
- c. Write economic outlook description and narrative

3. Conduct valuation with the following actions and considerations:

- a. Conduct financial statement spreads
- b. Ratio/Other Financial Analysis
- c. Research industry for comparable sales and regional economic data
- d. Research geographical location for median and officers' wages
- e. Observe physical business & site visit
- f. Analyze business value using the cost approach
- g. Analyze business value using the income approach
- h. Analyze business value using the market approach
- i. Applicable discounts and premiums such as minority interest, control, marketability, or lack thereof
- j. The consideration of relevant data including:
 - i. The nature and history of the business
 - ii. Past results, current operations, and prospects of the business
 - iii. Past sales of interest in the business enterprise being appraised
 - iv. Any special factors that affected the opinion of value. Such factors include, but are not limited to, buy-sell agreements, restrictive stock agreements, corporate articles, bylaws and resolutions, partnership agreements, litigation, regulatory compliance, or environmental hazards.
 - v. When valuing a majority interest in a business on a "going concern" basis, consider whether the business' highest value may be achieved on a liquidation basis
- k. Compile and calculate value of business

4. Compile & write report(s) and assumptions. A formal detailed appraisal report is a prepared comprehensive business appraisal report that has the following content:

- a. Initial formatting, data entry and report write-up
- b. Incorporate classes of securities outstanding and a list of shareholders into report; include the effective as of date of the appraisal, the date report was prepared
- c. Include the definition of the standard of value that is the purpose of the appraisal; the report's assumptions and limiting conditions and the principal sources and references used by the appraiser
- d. Identify the valuation approaches and methods considered and utilized and approaches and methods rejected; the research, sources, computations, and reasoning that supports the appraiser's analyses, opinions, and conclusions
- fe Final report review updates and include certification

5. Final designed and formatted valuation report

6. Meet with client to review the business valuation report and conclusions of value, and discuss next steps based on the purpose of the business valuation report

EMBEDDED METHODS

Focused Conversations create a setting for meaningful communication.

- Provide a structure for clear dialogue and reflection
- Probe beneath the surface to the depth of a topic
- Encourage a diversity of perspectives
- Create shared awareness

Consensus Workshops lead to consensus-based group decisions that respect diverse perspectives, create joint resolve and inspire individual and group action.

- Engage all group members
- Organize the group's ideas and decisions
- Reveal the consensus in large groups
- Build effective team partnerships
- Create shared agreement

Action Planning is an approach to short-term planning for events or projects that already have group agreement.

- Visualizes the completed task
- Analyzes the current situation
- Focuses the group's commitment
- Sets up clear forms of accountability
- Develops a coordinated action timeline
- Creates commitment to action

