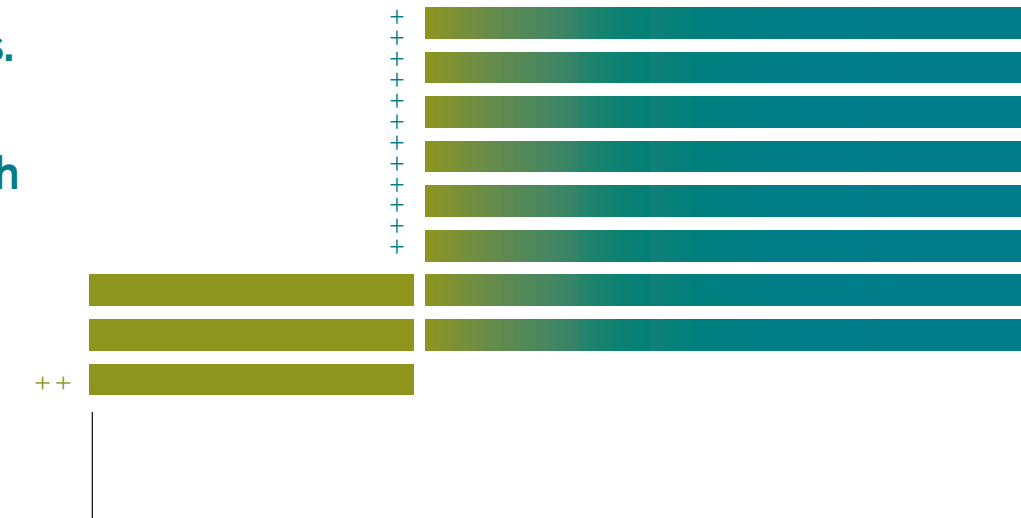


armanino 

ADDING  
VALUE  
AT EVERY  
STAGE

# WHAT STAGE IS YOUR COMPANY IN?

The life cycle of a company can be said to have five broad stages, each with its own set of challenges and opportunities. Typically, we see companies move regularly back and forth between these stages:



## 1/ START-UP

You've secured funding. You've formed the key elements of infrastructure and baseline compliance. You're developing a product or service and hopefully serving your first customers.

## 2/ RAPID GROWTH

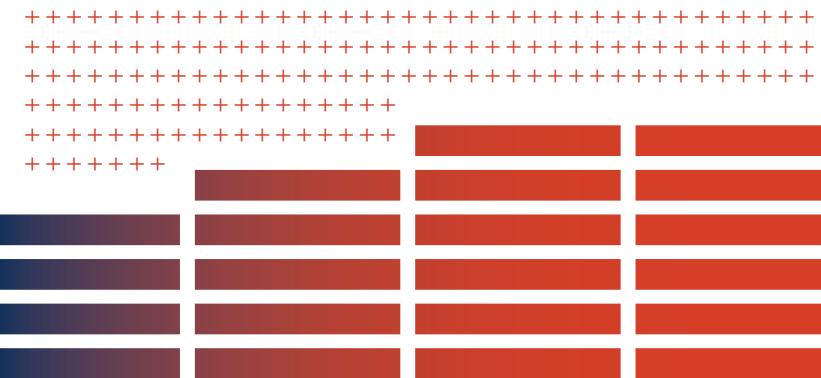
You've found your formula. Customers are coming in, bringing revenues with them, even as funding continues. But the landscape is getting more complex, with bigger challenges still in front of you. New skills and expertise are required. There are opportunities to seize, big issues to address, and competition coming up behind you.

## 3/ ESTABLISHED

You've hit your stride. You're profitable, you're established, and you're focused on what you do best. It's time to refine efficiencies, invest in infrastructure, and encourage innovation. But there are still tough choices to make as you consider whether to continue on your current path, expand and return to high growth mode or consider an exit strategy.

## 4/ EXPANSION

You're growing but also pushing the business in new directions. You seek mergers and acquisitions, create new partnerships, and enter new markets—including cross-border markets. You're launching new products or services and opening new offices.



## 5/ EXIT

You're ready to move on. It's time to plan your exit strategy—whether it's by succession, sale, merger or liquidation.

START-UP

RAPID GROWTH

ESTABLISHED

EXPANSION

EXIT

# ANSWERS FOR YOUR EVOLVING BUSINESS NEEDS

Every business goes through recognizable growth stages, each with its own set of demands. At Armanino, we attend to the audit, tax, and consulting needs of both public and private businesses in every stage of development — from start-up through maturity — and we understand thoroughly the different requirements of each.

Let's take a closer look at each of the typical stages a business may experience, and demonstrate how Armanino can add deep insight and solutions at every step in your evolution.

# 1 / START-UP



## + WHAT TO ASK YOURSELF

Which entity should I choose?

When does my next round of funding come in?

What systems should I be looking at?

What is the best tax plan for my situation?

Will my investors require me to have an audit?

**Your product or service is being developed or is in production. Your first customers are trying it. Baseline systems are in place and you're meeting the bare-bone regulations that most start-ups face. You're probably wearing many hats and working relentless hours.**

**THE DIRECTION** The main priorities are to complete development, grow your customer base, increase revenues and generate positive cash flow. This means constantly monitoring the needs of customers to meet their evolving needs and demands. It also means fine-tuning your production process while preserving cash. Start-ups generally have limited access to bank funding—and only a lucky few receive venture capital—so gaining access to capital sources will be a key concern.

**THE CFO FUNCTION** Since you probably don't have a CFO at this point, someone—most likely you—has to watch the finances. There are accounting and information systems to establish, budgets to set and technology to invest in. In this stage, as you pull together your financials—both actual and forecast—to seek further funding, it makes sense to seek outside assistance.

**our role** While in the start-up phase, you often don't need or can't yet afford a full-time finance department. We can provide all the finance functions on an outsourced basis so you can stay focused on your business. And when the time is right we will seamlessly transfer responsibilities to your inhouse team. Armanino can help with the proper entity choice, and provide proactive tax planning to optimize your tax advantages. We can also set up financial applications and perform valuation compliance. We can support you with the following:

### Accounting Function Set Up

- Financial Statements
- Staffing
- Financial Applications
- Outsourcing

### Tax Planning

- Corporate
- Individual
- 1099s
- Property & Sales
- Payroll

### Corporate Formation

- Entity
- Structure

START-UP

RAPID GROWTH

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# 2/ RAPID GROWTH



## + WHAT TO ASK YOURSELF

How do you expand your market?

How do you make your operations more efficient?

How do you get information where and when it's needed?

How do you manage change?

How do you maintain profitability as competitors bear down?

Your business has made it through the precarious start-up stage and you find that you're growing quickly. The focus is now on sales and market penetration and on dealing with a constant influx of pressing issues, each demanding time and money. You're hiring new employees and establishing more formalized systems. Funding is still key to survival, so you're constantly selling your vision to secure more.

**THE DIRECTION** There is too much to do and your current team can't do it all. Investments must be made—in people, in technology and in infrastructure. Effective processes must be put in place, together with management systems to oversee them. To sustain rapid growth, you need to focus on acquiring and retaining customers—quality control and customer service are becoming make-or-break issues. There are a host of regulations to follow, so compliance procedures must constantly be addressed.

**THE CFO FUNCTION** By now, you might or might not have a CFO—but the CFO function must be performed regardless. The CFO organization must move beyond accounting to concentrate on strategic issues the company is facing. Since you don't have all the expertise you need in-house, you have to think strategically about how to fill the gaps. Key positions need to be filled with inside or outside resources. By partnering with the right people, you can ensure regulatory requirements are met, non-core competencies are outsourced and you're ready for that first audit.

Effective CFOs think constantly about ways to drive new growth without adding new head count. Their minds are on new technologies that drive process improvements, which in turn produce more efficiencies with fewer resources. This includes a sharp focus on information systems that can facilitate smart decision-making.

**our role** As growth accelerates, your needs expand. Armanino can be a trusted advisor—whether we're performing the CFO function or working in concert with your own CFO—providing services that become increasingly vital, the faster you grow. As the tax laws change, we can provide the expertise to help you adjust your tax strategy for maximum advantage.

In addition to the services needed during start-up, you might turn to us for any or all of the following:

- Compliance & Accounting Needs**
- Initial Financial Statements (Audit & Reviews)
  - Revenue Recognition Planning
  - Valuations
  - Tax Provision Compliance
  - State & Local Tax

- Technology Needs**
- ERP Selection & Implementation
  - Budget, Planning and Forecasting
  - Business Intelligence

- Outsourcing Needs**
- Accounting (Financial Management)
  - Stock Option Administration
  - Executive/Finance Search
  - Marketing Strategy Consulting

RAPID GROWTH

ESTABLISHED

EXPANSION

EXIT

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# 3/ ESTABLISHED



## + WHAT TO ASK YOURSELF

Is our data reliable, easily accessible and timely?

How do we keep up with Federal and State tax requirements?

Which functions are within our core competency, and which can be outsourced?

Is our technology keeping pace?

How do I drive top-line growth?

Do we have a good internal control structure?

**The company is well established going through the ups and downs every business faces. Your market position is clear and customers are loyal. Sales are still growing, but in a manageable way. You have a range of money sources—profits, banks, investor and government programs—to draw on as needed. Yes, you've earned a rest, but complacency is a luxury no business can afford. Success has attracted competitors, and you must remain alert—unexpected shifts in the market, the economy or both can upset everything with little or no warning.**

**THE DIRECTION** In some ways, just maintaining business as usual is the hardest thing a company can do. The key is to keep all operations running smoothly—incorporating necessary changes, improving efficiency and keeping a close eye on your markets, on the economy and on the competition.

New choices continually present themselves, and a whole new direction may be in order. You might decide to expand aggressively, you might simply stay the course or you might consider exiting altogether. Regardless, you need to stay agile, flexible and ready for anything the market throws at you.

**THE CFO FUNCTION** As the eyes and ears of top management, the CFO function is both strategic and tactical—looking ahead while making sure no balls are dropped in day-to-day operations. In this stage, as you get into the intricacies of compliance and regulation, you must be attuned to their on-going effects.

Now is the time to take stock, to determine which of the company's goals are realistic and which need adjustment. Upgrades will be needed—to infrastructure, to IT capabilities, to entire processes and workflows—and the ability to remain agile and responsive may depend on deciding which upgrades to make and which processes would be better outsourced.

It is at this point that the CFO needs to guard against complacency. Silos need to be broken down. Inefficiencies need to be identified and articulated. Improvement plans must be drawn up, shared and communicated throughout the organization.

**our role** In addition to audit and tax needs, an established business can benefit greatly from a wide range of accounting and consulting services:

**Compliance & Accounting Needs**

- Global Audits
- Contract Assurance and Royalty Audits
- Revenue Recognition Planning
- Valuations
- Global Tax Compliance
- Corporate Tax Provisions
- State & Local Tax Compliance
- Corporate and Individual Taxes
- R&D Study
- FDA Compliance

**Technology Needs**

- Software Application & Tech Training
- ERP Implementation & Integration
- Budget Planning and Forecasting
- Business Intelligence

**CFO Advisory**

- Effective Rate Planning
- Enterprise Risk Assessment
- Cost Containment Strategies
- Marketing Strategy Consulting
- Financial Executive Placement
- Financial Outsourcing

**Workforce**

- Financial Executive Placement
- Financial Outsourcing

# ANSWERS FOR YOUR EVOLVING BUSINESS NEEDS

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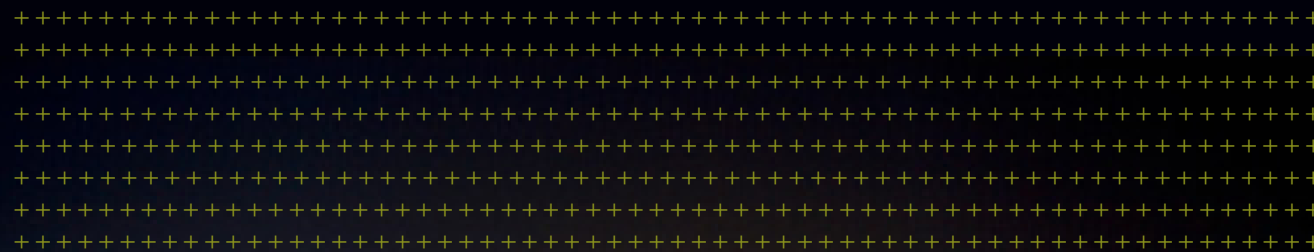
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ESTABLISHED

EXPANSION

EXIT

# 4 / EXPANSION



## + WHAT TO ASK YOURSELF

Do you seek out new markets for existing products? If so, which geographies are feasible?

Are you looking abroad? If so, are you equipped to handle the unfamiliar challenges of foreign markets?

Can you grow organically, or do you need to consider merger or acquisition?

Does an IPO make sense?

**Things are happening. The market is expanding, and it makes sense for you to expand with it. You're forming new partnerships, acquiring new talent and adopting new systems. Everything is being done in a savvy, sophisticated way.**

**THE DIRECTION** At this point, you might be actively seeking acquisitions to facilitate your market expansion. You may be launching new products or opening new markets, crossing state lines and borders in the process. An IPO may be in the future, so you need to plan for that. In this stage, all parts of the business must be running smoothly to ensure a successful expansion that can be sustained for the long term.

**THE CFO FUNCTION** Expansion plans invariably have complex ramifications—for operations, financing, sales, compliance, technology, infrastructure, and more and the CFO will inevitably need to keep a close eye on all of these.

Each new product has an impact on systems, procedures and resources. Each new market involves tax planning, new employment rules and new compliance procedures—and these multiply with each new country you enter. Each company you merge with comes with its own lengthy list of financial, tax, legal and regulatory issues.

There are major decisions that will need to be made, and the CFO must weigh in on all of them. Whether it's mapping out a global strategy, driving an acquisition strategy, figuring out which processes to outsource, defining and measuring success against company goals or simply analyzing what works and what doesn't, the CFO function is crucial to the Expansion Stage.

**our role** When dealing with the myriad of complexities of expanding a mature company, going it alone seldom makes sense. There are simply too many aspects that involve expertise you are not likely to have in-house. That's where Armanino can really help, particularly with M&A matters and global expansion issues:

### M&A

- Purchase Price Allocation Valuation
- Merge IT Systems
- Transaction Advisory Services
- Due Diligence

### Geographic Expansion

- International Tax
- State & Local Tax
- Transfer Pricing
- IP Offshore Planning
- Global Audit

### IPO Planning

- Assistance in Preparing S-1, 10k & 10Q
- Tax Provisions Consulting
- Tax Loan Staffing
- SOX Preparedness and Compliance
- Internal Control
- Financial Executive Placement
- Technical Skill Outsourcing

### Workforce

- Financial Executive Placement
- Technical Skill Outsourcing

## ANSWERS FOR YOUR EVOLVING BUSINESS NEEDS

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EXPANSION

EXIT

# 5 / EXIT



## + WHAT TO ASK YOURSELF

Will I exit internally or externally?

What are the questions buyers will ask?

How can I be due-diligence ready?

How do I transfer my wealth with the least tax impact?

**There are almost as many reasons to get out of a business as there are to get in. Competition intensifies, the business environment shifts or maybe you're just ready to pass the business along to the next generation. Whatever the reasons, you've decided to move on.**

**THE DIRECTION** Any exit must be carefully planned and executed, whatever form it takes. If you're passing on the business to heirs or successors, they must be fully apprised of the legal, financial and operational obligations they're assuming. If you're selling out or merging, there are complicated tax and regulatory issues involved. And if you're considering bankruptcy or liquidation, you want to maximize the return on any asset sell-off that's required.

Ideally, the exit process should be planned three-to-five years in advance in order to facilitate a smooth deal that realizes maximum value. The company will need to show solid tax compliance, good financial reporting and limited legal risk. Even if you've never had an audit, you will need one for the sale. Overall, the idea is to do everything possible to eliminate objections in the minds of potential buyers.

**THE CFO FUNCTION** There may or may not be an actual CFO present as you wind down your business. Even so, the CFO function does not go away. Whatever the exit strategy, someone must be there to oversee legalities, financial aspects, compliance ramifications, tax planning, employment issues, and much more. The better the due diligence, the more likely you are to attract the right buyer.

**our role** As with every other stage in the business life cycle, Armanino can provide the audit, as well as the tax and consulting services you need to effect a methodical exit. We have a wide range of experience in virtually every form of exit strategy, and we can help you preserve, distribute, liquidate or otherwise dispose of the company's assets in an orderly—and ultimately satisfying—manner.

### Compliance & Accounting Needs

- Financial Reporting
- Audits
- Tax Compliance
- Sales & Use Tax
- Due Diligence
- Internal Controls

### Financial Planning

- Investment Strategies
- Asset Allocations
- Stock Option Administration
- Succession Planning
- Valuations
- Exit Assessments

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# STRATEGIC INSIGHTS, PRACTICAL ACTION

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You can count on us to think strategically, to provide the sound insights that lead to positive action at every stage in your company's life cycle. We will give you options that are fully aligned with your business strategy and help you strike the right balance of people, processes, and technology.

At Armanino, we have the experience and the resources to help you grow. We will uncover the right financial and operational information, interpret it, and use it to your strategic advantage—going beyond insight to timely, practical action.

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