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Bring Your Company Public

There are many viable options when positioning a business for growth. Expansion usually requires additional capital; one way to attract interest from prospective investors and funding sources is to bring the company public. Even start-up, early-stage and small businesses can effectively and inexpensively go public via an Alternative Public Offering (APO). In many cases, an APO is more attractive than either the venture capital or angel investment route. APOs are also a cost effective means of going public when compared to a conventional IPO or Reverse Merger (an Alternative Public Offering also eliminates the risks involved with Reverse Mergers).

The advantages and benefits of being a Public Company

For Company Owners and Their Investors

- **Liquidity.** Bringing a company public provides liquidity for owners and investors. The liquidity of privately held stock is not nearly as high as that of public equities. The liquidity factor will improve the value to investors by allowing them to diversify their portfolio and have a defined exit-strategy. Not only are there benefits for owners and investors, but lenders will be more likely to issue credit to public firms.
- **Employee Benefit.** Bringing a company public can result in financial rewards and independence for not only the owners and investors, but employees can benefit from becoming stockholders as well.
- **Estate Planning.** If family members are counting on the owner to provide for them in the future, the stock of a publicly traded company can be used as a part of a retirement strategy. These assets will allow the family financial freedom after the owner is out of the picture.

For the Company

- **Access to Capital.** Taking a company public will provide potential investors with confidence in the company, which will be translated into the ability to raise money.
- **Mergers and Acquisitions.** If a component of the growth strategy is to pursue a merger or acquisition, the ability to accomplish these goals increases as a public entity. The stock that is sold in the company will be equivalent to cash for the other company. If a merger or acquisition deal is pursued using stock, the current market value of stock can be used to perform the transaction.
- **Compensation for your Employees.** Attracting and retaining key employees can be accomplished through allowing employees to reap the same benefits as owners by becoming stockholders. This can also be a factor in why these key people decide to

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stay with the company, especially if the industry has a high turnover rate. This can make the difference in retaining key employees.

- **Attract Executive Management.** Bringing a company public will attract and retain high-level executives. While offering stock in a private company is an option, publicly traded stock is usually more valuable and desirable to your future and present executives.
- **Gives your Employees the Incentive to Work Harder.** The liquidity of public stock allows employees to reap greater rewards. They will feel as if they are an integral part of the company with performance based income instead of just a paycheck. By making employees part owners, the corporate drive is increased, making the company the best it can be. The incentive to work harder makes the company stronger, and in turn everyone is rewarded when the stock price rises. This incentive ties an employee's future and dedication with the success of the company.
- **Public Companies are Generally Worth more than Privately Held Companies.** In many cases, the increased value is quite substantial. A public company will almost immediately see a stock value increase after going public.

Planning & Management of the Process is Important to Success

It is important for the company and business owner to understand that bringing a company public, while even using a simple and cost-effective method such as an Alternative Public Offering, can be a complex and confusing process, albeit manageable. Here are the phases in the process that the company and IPO consultant need to follow (and that have to be managed):

Pre-Public

- Phase One - Analyzing Client's Company in Preparation for Going Public
- Phase Two - Auditing Process and SEC Registration Using Form SB-2
- Phase Three - Obtaining the Stock Symbol and Being Listed on the OTC Bulletin Board

Post-Public

- Phase Four - Investment Bankers and Equity Credit Lines for New Public Companies
- Phase Five - Getting your Stock to Trade with Investor Relations and Press Releases
- Phase Six - Growing with Acquisitions, Licensing, and Strategic Relationships
- Phase Seven – Upgrading to a Senior Exchange (NASDAQ or AMEX)



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And ultimately business owners should plan for:

- Phase Eight – Founder’s Exit Strategy (sale of your entire company or just your shares).

A Good Team Is Crucial To Long-Term Success

Prior to going public, it is essential to have a great team assembled to manage the process and ensure that the company capably manages and executes the business plan for growth. This team should consist of different professional resources from both inside and outside the company, including lawyers familiar with the process and an IPO consultant that can ease the process of bringing a company public. Make sure to put the right people in the right positions to help your company reach its potential.

[Magtin](#) is a consulting firm that works with manufacturing business [buyers](#) and [sellers](#) to meet there merger, acquisition, [reverse merger](#), [initial public offering](#), and operating capital needs.

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