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Ascendant Partners, Inc., Profile

by Mark Warren

Uniquely focused on the food, agribusiness and renewable fuel industries, Ascendant Partners is a leading provider of professional consulting and capital solutions for clients seeking to create renewable business success. Armed with an in-depth knowledge of client markets, what it takes to succeed and how to get projects funded, Ascendant Partners developed a dedicated investment banking function in 2006 and obtained its NASD Broker-Dealer License in 2007 to assist its clients with their capital needs. This addition to Ascendant Partners consulting services has resulted in the creation of a complete start-to-finish solution for companies seeking assistance throughout the life cycle of their business.

Over the last few years, the increased demand for ethanol and biodiesel as alternative fuel sources has directly affected the cost of agricultural commodities like corn and soybeans. As a result, business models not accounting for this relatively recent market pressure are struggling to keep pace in this rapidly changing environment. Companies, start-up or mature, must leverage their unique capabilities, reduce their operating costs, and diversify their revenue streams in order to position themselves for market success. More often than not, this requires a customized approach for each business and an in-depth understanding of their business and relevant markets.

As outlined below, renewable success is the result of understanding how a company's markets, business and capital needs interact. Ascendant Partners provides the industry insight, business acumen, and capital services that are needed to achieve success over and over again.

Ascendant Partners' Process for Assisting Clients in Making Informed Business Decisions



With its established network of industry and financial contacts, from engineers to private equity, Ascendant Partners is positioned to bring the right solution to its individual clients at all stages of the business life cycle.

Creating Successful Clients, not just Successful Projects

New start-ups have very different challenges than those focused on performance improvement. Ascendant Partners' comprehensive approach and scope of services considers each stage of growth, from new project

development initiatives to divestiture. This is where real value is created. As indicated in the diagram, Ascendant Partners assists clients navigating across all stages of the business life cycle.



With a collective 75 years of professional experience, Ascendant Partners, Inc., uses its insight into agribusiness, food, fuel markets, strategic planning and capital management to help clients through this complicated process of change.

A Case in Point: Mergers & Acquisitions

A timely example of how these broad-based capabilities come together to provide unique client solutions relates to Ascendant Partners' approach to helping clients navigate the challenges and opportunities associated with mergers and acquisitions. The ethanol industry is experiencing a flurry of merger and acquisition activity, which underscores the importance that the board understands the value of its business and, once understood, is positioned to maximize it.

Even if a company does not intend to entertain mergers or acquisitions, the board must be able to articulate a clear vision to its investors and demonstrate the ways in which it is continuously focused on protecting and enhancing shareholder value. It is equally important that the board is aligned around a long-term vision for the business. Without clarity and focus around the strategic intent of the company and defining the means as to how business decisions will be made, the board will struggle with how to assess what options meet its strategic and financial requirements.

Outlined below is a brief overview of Ascendant Partners' approach to assisting boards and management find ways to maximize value and effectively weigh potential merger and acquisition options.

Gaining Strategic Focus

Ascendant Partners works with its clients to facilitate a strategy session in order to help the board establish its long-term vision, objectives, and decision-making framework so that the board can assess future opportunities. Agreeing to, documenting, and gaining alignment around those "trigger points" for the business will reduce confusion and frustration as opportunities and challenges present themselves in the future.

Determining the Value of the Business & Ways to Enhance Shareholder Value Going Forward

Valuation of a company is driven by existing and projected earnings as well as qualitative components that drive success such as management, facility location, feedstock prices, transportation flexibility, industry contracts and relationships. Equally as important are market conditions, which determine earnings multiples or, in the case of an ethanol plant, gallons being produced. In order to protect and enhance the value of the organization, the board must first be able to define, quantify and support what that value is.

1. Understand the business' value and determine how that value is created (or destroyed) for that company specifically.
2. Identify the key drivers of value to understand and quantify their relative impact on the underlying value of the business.
3. Maximize the business' value through avenues such as diversification and operational efficiency via process and/or staff improvement and utilization.

4. Actively communicate valuation goals to company staff and ensure they are focused on this objective.
5. Develop and monitor measurable performance metrics and goals for management and staff to meet in order for the business to achieve its maximum value.
6. Develop processes to continually monitor the value of the business through a disciplined and self-monitoring approach.

Exploring Options Based upon the Board's Strategic Intent

Listed below are just a few examples of ways in which Ascendant Partners can help board members explore possibilities to maximize shareholder value while helping them achieve their goals for the business.

Option #1: Focus on being a long-term player in the marketplace. Ascendant Partners helps its clients understand what it will take to improve their efficiency while managing risk to enhance the returns of the business.

- **Managing Risk**
 - o Understand the structural change in commodity markets and the implications for the company
 - o Take an enterprise view in enhancing value and risk management
 - commodity
 - structure and diversification
 - logistics
 - plant operations
 - financial
 - o Define what it means to the company
- **Maximize Efficiency within the Organization**
 - o People – maximizing labor
 - o Scale – is bigger better?
 - o Process - maximize ethanol yield and productivity
 - o Technology – is there a better way?
 - o Energy – minimize use of purchased fuel; maximize reuse of waste, heat and energy content of waste products
 - o Waste/Co-Products – maximize variety and value of marketable products; minimize/recycle waste

Option #2: Focus on being a long-term player by using an existing facility as a base for new ventures and diversification. Ascendant Partners can help the board assess options to diversify inputs, diversify and expand product values, vertically integrate, identify complementary businesses and/or establish a research and development platform. Once the board has chosen a path, Ascendant Partners can help it assess the best options for capitalization to meet long-term business objectives.

Option #3: Recapitalize. Ascendant can help the board understand its options around recapitalization. This can occur in a number of ways such as finding a strategic or nonstrategic investor to cash out part of the owners' equity or restructure the current owners' position by finding new sources for debt.

Option #4: Sale of the business. Ascendant Partners can help the board position its business to maximize the value of the sale by assessing the current state of business performance and making recommendations about ways in which the company can add value to potential investors. Once the business is positioned to go to market, Ascendant Partners can find potential buyers for the plant, help the board evaluate the offers, assist in negotiations to maximize the value for the plant's shareholders and be the owner's representative in closing the transactions with the banks and new equity participants.

These examples serve to illustrate how Ascendant Partners can bring together consulting and capital services to help businesses achieve the goals set out by their boards. Every opportunity provides its own set of obstacles and no transaction looks the same. By listening to the clients and understanding how they define business success, Ascendant Partners creates customized solutions to meet their objectives.

The evolution of the ethanol industry sector continues to move rapidly. Companies need to be positioned, both strategically and operationally, to succeed over time. Ascendant Partners provides the experience, knowledge and the means to help businesses execute through this endeavor or in other stages of the business life cycle.

To learn more about Ascendant Partners or explore the possibilities with us, please visit www.ascendantpartners.com or call 303.221.4700.