

# GRASSI

CONSTRUCTION DUE DILIGENCE



## Grassi Team

If you are contemplating an acquisition or joint venture in the construction arena, there will be a myriad of factors to investigate and consider; few industries have the nuances and complexities of the construction industry. For this reason, bringing in an industry specialist to perform the necessary due diligence is a vital business decision. An outside, objective set of eyes examining the financial condition of your proposed target or partner can give you confidence going into a deal to know where you stand. You need an advisor with expertise in the construction industry: **You need the Grassi Construction Team.**

From structuring and securing financing to planning for future acquisitions, the Grassi Construction Team has the financial experience and industry knowledge to support all your acquisition efforts. Our Construction Team has conducted due diligence work for more than 100 acquisitions and has also performed post-transaction due diligence as well. With a portfolio of more than 300 construction clients and affiliations with all the industry trade groups, we have a level of industry expertise that is unmatched. Our expertise can be key in assisting you in conducting due diligence for acquisition, cost estimate, preparing financial projections and feasibility analysis.

Our Construction Team has established relationships with many of the area's most prominent bankers and sureties—many of whom engage our services themselves. These credit grantors are confident in our industry knowledge and know that the due diligence we provide is accurate and objective. Our network across the industry allows us to connect clients with the people who can best help them meet their business objectives.

## Due Diligence Process

You need a firm that offers a proven, detailed approach to the due diligence process. With decades of combined experience in the construction industry, we can help you achieve your goals. We work with our clients to optimize current transactions and proactively structure future deals. Our clients benefit from our continued partner involvement, as well as working with a consistent industry team that understands both the construction industry and our clients' particular business, offering cost efficient, timely solutions. We recognize that every transaction is significant when it affects your bottom line.

## In conducting our due diligence, our considerations include:

- Work-in-process analysis to normalize earnings & validate estimates
- Search for unrecorded or under recorded liabilities
- Review of change orders
- Backlog analysis based on historical results
- Seasonality of work-flow
- Claims history
- Customer concentration
- Overhead burden
- Employee performance analysis
- Run rate/trends-sliced and diced multiple ways
- Margin analysis
- Capitalized cost and S, G&A expense analysis
- Related party costs and allocations
- Cash flow analysis

The Grassi Construction Team is successful in getting clients to ask appropriate questions, in addition to gathering recent and past financial information. We find all pertinent data available for the buyer, usually digging further than other advisors.

***We ask the questions that you may not think of during a potential acquisition.***

With these questions answered, there is a benchmark from which one can determine the potential acquisition's appropriate value. From this point, our analysis truly begins. Whatever the transaction, the Grassi Construction Due Diligence team can assist you in making smart, informed investment decisions.



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