



DECISION MEMORANDUM

EXEMPLAR

Created: 21 September 2011
Revised: 7 July 2016

This is a Decision Memorandum which presents the facts necessary for the Board of Directors to make a decision on whether to proceed with the acquisition of a specific asset.

Executive Summary

In this section, present a brief summary of the transaction. The executive summary should provide sufficient information for a reasonably informed board member to make a decision. The balance of the decision memorandum should provide the backup for the recommendation.

The Asset

In this section, present a description of the asset to be acquired including the seller. Pay careful attention to the difference between hard assets and goodwill.

The Seller

Describe the seller, how they came to the attention of the acquirer, and why they are interested in selling the asset.

The Acquiring Entity

Describe the acquiring entity. It may be a wholly owned corporate subsidiary. This is important to be able to identify the liabilities the company is embracing.

Financial

Describe the purchase price and the payment terms.

Describe the returns on investment (cash on cost ROI) and the return on equity (cash on equity ROI).

Describe the company's cash position after the sale.

Operations

Describe the manner in which the asset will be assimilated into the company's operations with particular emphasis on the first twelve months of operations. Pay particular attention to staffing requirements and any incremental overhead required to operate the asset.

Recommendation

The sponsor of the decision, typically the CEO, should affix his signature as recommending the transaction. The CEO may, appropriately, recuse himself from voting on the transaction.

It is imperative that the acquisitions person, the Chief Financial Officer, and the individual who will operate the acquisition recommend the transaction go forward. This is essential.

I have overseen the preparation of this Decision Memorandum and I recommend we proceed with this acquisition in accordance with this Decision Memorandum.

CEO

Date: _____

I found this acquisition, prepared the financial projections, and I recommend we proceed in accordance with this Decision Memorandum.

MD - Acquisition

Date: _____

This asset will be my responsibility to operate. I have reviewed the financial projections and I recommend we proceed in accordance with this Decision Memorandum.

GM, Operations

Date: _____

I have reviewed the financial projections and I recommend we proceed in accordance with this Decision Memorandum.

Chief Financial Officer

Date: _____