Typical M&A Process

Valuation & Initial Engagement

Understanding business value and strategic positioning within the relevant market of the business is paramount to a successful deal closing. We work with owners and their accountants to formulate a business valuation based on relevant comparable and industry multiples that best match your specific industry niche. We then discuss target prices based on least and most likely M&A scenarios. Initial engagements can include mock due diligence and vetting of the company by the advisor. The company and its shareholders will also perform thorough due diligence and reference checks on the representing agents to the transaction to ensure their business is properly represented from beginning to end.

Offering Memo & Deal Positioning

Once the client has engaged us for M&A consulting, we work directly with business sellers to formulate what is often referred to as the "Pitchbook," "the book," "Confidential Marketing Memorandum (CMM)" or "Confidential Information Memorandum (CIM)." The creation of the book is a crucial component in the deal-making process as it represents the most comprehensive description of all the business has to offer a potential buyer. It should include everything from employees to financials to future opportunities for growth and expansion. Your Confidential Offering Memo is the business plan of your business exit. It is what investors in your company as a "going concern" will want to see before they will even consider investing. It provides all the relevant operational, marketing and financial information about your business. It will include information on assets, including tangible and intangible property, liabilities, cash flows, major customers, key employees, general market analysis and trends and reasons for selling. Drafting an offering memo early is also helpful because in the end, it may just require a few simple tweaks so as to conform to the changes in the business. When it comes time to prepare to sell your business by drafting a marketing memorandum, give us a call.

Buyer Selection & Outreach

Unlike blanketing a “business for sale” sign, we perform two crucial steps at this juncture of the process. First, we formulate a short-list of potential strategic acquirers–those willing to pay the most in an M&A scenario. We combine the strategic short list with a broad list of other financial investors as well. This list will be approved by all shareholders to the seller. Once this list is approved and “the book” is completed, the business will be promoted to potential strategic & financial buyers in a “blind” fashion. Doing so helps to maintain confidentiality for the seller and ensures no current or future operations of the business are disrupted by the attempt at a business sale. Most business buyers can be boiled-down into two distinct groups: financial buyers and strategic buyers. Financial buyers only look at the numbers. They’re strictly interested in returns (ROE, ROA, etc.). The only thing they want is for the money they infuse to bring back more money. They’re not as concerned with strategic matters. A strategic buyer on the other hand has a greater motivation to buy the business. Most strategic buyers are willing to pay more, especially if key synergies exist between the seller and the acquirer. Direct confidential outreach is then followed by expert negotiations.

Negotiation & Value Enhancement

Expert negotiations are the key sticking point between advisors that get a deal done and those that exceed expectations in M&A. Our process includes bringing multiple buyers to the table in a value-enhancing auction scenario where the buyer who matches the seller's criteria for fit and price ultimately wins the deal. This can be a delicate process and requires the support of experienced negotiators with the ability to enhance value when it's needed most: in the final sale of the company.

Due Diligence & Closing

Once we determine a winner to the strategic auction for the company, we work quickly to ensure due diligence and deal closure are completed shortly thereafter–preferably between 30 and 90 days after a Letter of Intent for acquisition has been executed by all parties to the deal.

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