

The Value of a Mergers & Acquisitions Advisory Firm

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There are a lot of factors to consider before making the big decision of selling a business, which is why many sellers decide to consult a mergers and acquisitions advisory firm.

Selling your business is something you'll probably do only once: There's no opportunity to take a trial run or build up any experience before you do the real thing. Selling a business can be a time-consuming and often frustrating process.

Many business owners have thought about or have even tried selling their business, on their own, to no avail. They recognize their need for help but are unsure of where to seek help or who to talk to, to support the process of selling their business. There are many tales of a business owner who sold their business for far less than they should have or they tried selling their business and encountered obstacle after obstacle, and pitfall after pitfall. These owners often realize, after the fact, that working with an advisory firm could have made the selling process much more efficient for them and successful.

Given that set of facts here are benefits to working with a mergers & acquisitions advisory firm, what they do for business sellers and how it benefits you, the business owner, in selling your business:

Experience and Expertise

- Some transactions and offers can be complex. Working with an advisory firm will help you understand the structure of an offer or sale and all the moving parts that are part of an offer, all related to your objectives and expectations. This includes analyzing offers, negotiating counters and offer acceptance all while understanding offer structures.
- If you decide to do it on your own you will potentially be going into a complicated situation without the adequate tools, knowledge and expertise that an experienced M&A advisor would have. This is important, especially if the buyer has representation by advisors.
- An advisory firm has the experience of working through many similar transactions that can help with your situation.
- With active strategic buyers, the difference in knowledge of the acquisition process can be vast. A business owner selling a business will have trouble competing in knowledge. An advisory firm provides a level playing field between novice sellers and experienced buyers.

- Selling your business is not a job you should attempt to do alone. There are many extremely important contract items to negotiate and pitfalls to avoid. A hands on advisory firm will help you navigate this.

Business Stability and Performance

- A good advisor will reduce time and attention necessary from a business owner. The process of selling a business can take many months. Most business owners don't have the time, expertise or tools to manage each step of the selling process without diverting needed attention from current business operations.
- Getting involved in the selling process on your own and not working with an advisory firm may result in lower revenue and profits, lower business activity and lower efficiencies in business which may ultimately affect your businesses value and how much you'd get when selling it.
- The more involved you get with it, the less time you'll have to spend actually running the business. At the time of selling is the very time when you need your business to perform most successfully. Leave selling work to experts who've been involved in many deals, instead of spending time trying to reinvent the wheel.

Focus on Your Industry

- When considering an advisory firm, make sure you choose one that is focused on representing sellers in your industry. Don't get swayed by firms that emphasize consulting, seminars, headhunting and other non-representation issues. Pick a firm that will get the job done according to your objectives; finding a seller for your business.

Confidentiality

- An experienced advisor can limit the risk of confidential information being disclosed, while protecting the identity of the company until the proper non-disclosure agreements are signed with prospective buyers.

Reaching Potential/Prospective Buyers

- Make sure the M&A firm you're working with actually knows buyers who would be interested in your business, has a process of approaching prospective buyers and focuses on businesses that may be good acquirers for your business. This means choosing and using an advisory firm that is focused primarily on your industry.
- An experienced M&A advisor, with a strong network in your business, can market your company to a larger group of potential buyers than you can't access on your own.
- An advisory firm's extensive network of business and professional contacts, databases and research capabilities, along with proprietary methodologies enable them to provide targeted introductions of appropriate and strategic buyers.

Marketing the Business

- A mergers & acquisitions advisory firm will prepare a Business Opportunity Summary marketing package describing everything that would make your business attractive to prospective buyers, get them to the next step of the process while moving towards a sale and consistent with a target marketing plan.
- A mergers & acquisitions advisory firm has an understanding of the key values and benefits that buyers are looking for and can assist in identifying factors that can lead to a better selling price.

Your Business Value

- Valuing a business is way different than valuing a house. Every business is different, with many, many variables impacting value. Advisory firms have access to industry information, comps and other information that enters into the valuation process. This allows the proper expectations to be set for the selling owner as well as establishing information for negotiation of future offers.
- This includes providing an objective, professional opinion of realistic anticipated business value for you, the seller.

Closing a Deal – Reaching the Finish Line

- Experience with the due diligence process and legal documentation. The due diligence process whereby buyers examine anything and everything about a potential acquisition is time-consuming and can be a task, too complex for business owners to undertake themselves.

- An experienced advisory firm can help to create a transaction structure and offer for a sale, leading to an efficient and timely closing.
- Advisory firms usually get paid a percentage of sales price. That means both you and the advisory firm will have the same end goal in mind.

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