

### **Sales Auctions for Architectural/Engineering Firms – Myth Buster**

- The sale of your firm will NOT involve an auction for potential buyers to bid on your business.
- Auctions are popular for private equity firms buying manufacturing, technology and other businesses, not professional service business like architectural and engineering firms.
- Most states, if not all, require certain licensing requirements to own an architectural or engineering firm. Most require a registered architect or a professional engineer to have ownership. It is very hard for private equity firms and other non-engineering or non-architectural businesses to fulfill this requirement and comply with the regulations and to sustain this requirement on an ongoing basis.
- Manufacturing and other firms have inventory, assembly lines, product rolling out that private equity and other investors will want to bid for; not the same in professional service businesses.
- Bids and auction prices are not conducive to the countering and negotiating that needs to happen for engineering and architectural businesses. There typically are many moving parts in an offer for acquisition that need further discussed, negotiated and agreed upon. This especially comes into play when transition employment is to be considered by both buyer and seller.
- In other, non-architectural and non-engineering businesses, the owner does not necessarily stay on in transition. In engineering and architectural firm sales an owner will stay around for 1, 2, 3 or more years, depending on what is worked out with the acquiring firm. This has great implications for agreements, negotiations and discussion, all not present in bid/auction situations.
- In an architectural or engineering firm, the key to acquisitions is the synergy obtained. This comes from employees, selling owners, principals, key employees and client relationships. This is not conducive to a bid/auction process.
- Buyers and acquirers of engineering and architectural businesses are strategic purchasers that are expanding, adding people, diversifying product/service offering, creating more geographic presence and more. Again, not conducive to throwing a bid out in an auction. Understanding strategic fit, focus and culture are key. Private equity firms and other bid/auction buyers are not strategic purchasers.

- The last point is that in an auction/bid situation, price is the predominant offer. In the sale and acquisition of an architectural / engineering firm, terms of an offer of price are many times, just as important. This doesn't come out in an auction and needs to be represented by the seller or the advisory firm experienced in representing sellers, like Stonemill Partners.
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A brief note about Stonemill Partners:

We specialize in representing architectural firms, interior design firms and engineering and related firms for acquisition, across the USA.. You can discover more about the Stonemill Partners' approach and see our listings at [www.stonemillpartners.com](http://www.stonemillpartners.com).

Al Lautenslager / Patrick Neal  
Co-Managing Partners  
Stonemill Partners, Inc.  
5200 Dallas Highway - Suite 200-110  
Powder Springs, Georgia 30127  
[al@stonemillpartners.com](mailto:al@stonemillpartners.com)  
[Patrick@stonemillpartners.com](mailto:Patrick@stonemillpartners.com)

Ph: 630-740-1397

[www.stonemillpartners.com](http://www.stonemillpartners.com)