

A hand is shown from the bottom right, pointing towards a glowing green line graph. The graph is overlaid on a dark blue background and shows an upward trend with some fluctuations. The line graph is composed of several segments, with the final segment reaching a peak. The background also features a faint grid and some numerical data points.

BUSINESS BROKER VS MERGERS AND ACQUISITION ADVISOR

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At MergersCorp M&A International we help our clients confidentially buy and sell privately held businesses, aligning the interests of all parties for mutual success and satisfaction.

It is our goal to make the process of either buying a new business or selling your current business as smooth and efficient as possible. We know how important confidentiality is to our sellers and we treat it with the utmost importance.



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Business Broker vs Mergers and Acquisition Advisor

When you are thinking about selling your business, one of the important questions you should be asking is what intermediary you are going to use. A skilled intermediary will help with the negotiations, work out a good deal structure and work to get the best strategy together for the sale. The intermediary can make a huge difference in the final deal (sometimes as much as 40%) by being an advocate for the business and finding the right buyer.

So which is better a Business Broker or a Mergers and Acquisition advisor? Well, first let's have a look at the difference between these.

Deals with a Business Broker

- Most of the marketing is done using a website with businesses for sale
- Sales are usually made to individuals, who will run the company
- There is no initial fee
- An individual agent carries out the work even if part of a bigger firm



- The individual will be working on several deals simultaneously in order to stay profitable
- Typically Business Brokers do little research into buyers and selecting them.
- Less time is given on each deal as they cannot make a profit given the smaller fee that they take from the deal.

Deals with Mergers and Acquisition (M&A) advisors

- Marketing is done with a proper analysis of the business and research done in finding the right buyer
- Research is made into the industry and advice to the business covering many aspects to prepare it for sale and enable it to be of maximum worth
- Typically companies are sold to those who have a strong management and usually with a separate owner such as other businesses or investors that buy and sell businesses.
- There is an upfront fee
- Work is done as a team with specialists in business, finance, law and other related fields. Often a law degree or MBA plus experience in banking or private equity is required before becoming an M&A advisor
- Significantly more time is spent on each deal
- Expert advice given on the strategy for the negotiations and the deal is managed right through to the end.



In short Business Brokers are suitable for sales that are relatively simple and easy to evaluate, whilst M&A advisors are necessary for the sale of more complex businesses.

So if you are wondering which you should choose the following rule of thumb is helpful: If the value of your business is less than \$2 million and would likely be sold to an individual then a business broker is good for the deal. A business broker would usually be used in the sale of main street businesses, such as restaurants, hairdressers auto repair shops etc. If your business is worth much more and you are likely to sell it to a company, then you will definitely benefit from M&A advisors that are focused on larger deals. You will benefit from the more strategic methods and will expect to increase the value of your business by much more than the amount you spend on this route. If you feel that your company is somewhere in the middle of these two scenarios it is worth thinking about how your best interests will be served.



Has your business got strategic value; is it specialized in either a particular product or service or has it got intellectual property? In other words is the business open to a wide range in its evaluation? In these cases an M&A advisor will definitely be an advantage as it taps into the true value of the business by presenting the business well with research into finding the right buyer who can benefit from this business. If however, the business is fairly straightforward, then the extra cost may not be worthwhile.

In summary, it is important that you get the value your business is worth when you sell. Many will avoid getting M&A advisor as their intermediary because of the extra cost, but if the business is more complex and open to a wide range of evaluation, the amount spent will be more than repaid in the return made on the sale.



Our M&A Process

TARGET APPRAISAL	APPROACH	DUE DILIGENCE	NEGOTIATION & CLOSE	POST MERGER INTEGRATION (PMI)
Key Areas				
<ul style="list-style-type: none"> Target & market analysis; Initial assessment of synergies & value drivers; Indicative valuation; Go or No-Go decision; Preparation of transaction documents (NDA – Non-disclosure Agreement/LOI- Letter of Intent); Select Transaction team; Appoint advisors; Consider funding ability. 	<ul style="list-style-type: none"> Initial approach letter; Signing of NDA; Prepare & share initial information requests; Formulation of LOI (Letter of Intent) & possible negotiations; Initial meeting and Q&A; Circulate information on the Target to the Transaction team. 	<ul style="list-style-type: none"> Set scope of due diligence; Set up VDR (virtual data room); Coordinating of due diligence, further meetings and Q&A sessions; Consider points relevant to the Post-Merger (PMI) phase; 	<ul style="list-style-type: none"> Revisit indicative valuation & prepare detailed valuation based on due diligence findings; SPA negotiations with the seller; Development of final structure (share/asset deal) and final valuation; Approvals; Signing of SPA & Close. 	<ul style="list-style-type: none"> Consider the extent of integration; Development of 100 Day PMI Plan; Consider short & long term objectives; Estimate requirements to capture synergies; Determine resource needs & optimal allocation.
Parties Involved				
<ul style="list-style-type: none"> CFO; Head of M&A; Accountants; Corporate finance advisors; Consultants. 	<ul style="list-style-type: none"> Senior management; CEO, CFO, CTO; Strategy director; Head of M&A; Head of Business Development; Consultants. 		<ul style="list-style-type: none"> Company general counsel; Lawyers; Senior management. 	<ul style="list-style-type: none"> Company general counsel; Lawyers; Senior management/HR.

An overhead photograph of a business meeting around a wooden table. Several people in business attire have their hands stacked in the center of the table, symbolizing agreement or partnership. The table is cluttered with various items: a laptop, a calculator, a coffee cup, a glass of water, a pen, a notepad, and some documents. One document is titled 'INFORMATION'. The lighting is warm and focused on the hands and the center of the table.

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