

A background image showing two business people in suits shaking hands. The scene is set against a blurred city skyline at night, with lights from buildings and water visible. The handshake is the central focus, symbolizing a deal or agreement.

**DO YOU HAVE THE
EXPERIENCE IT TAKES TO
SELL YOUR BUSINESS?**

MERGERSCORP
The Leader In Business Sales Mergers & Acquisitions
WWW.MERGERSCORP.COM



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.



WWW.MERGERSCORP.COM

**DO YOU HAVE THE
EXPERIENCE IT TAKES TO
SELL YOUR BUSINESS?**



WWW.MERGERSCORP.COM

Do you have the experience it takes to sell your business?

You may be great at running your business, but have you got any experience with selling your business? When it comes to selling it is a whole different ball game and there are many disadvantages of taking on the selling of the business yourself.

- You are unlikely to be in touch with a network of buyers and therefore can end up with little competition. This in turn will mean little negotiating power and a low price.
- A lot of buyers of businesses have a lot of experience and know the ways to get the best bargain for themselves. Without experience you will not know the tactics that can come into play in the negotiations.
- By definition, you are emotive about the sale, especially if you have put a lot of time and effort into running the business. It is important to have a level head in negotiations and to be objective without letting emotions cloud your thinking.
- There is a lot of preparation that can enable your business to get the optimum value. It is good to get advice from the experts about what you can do.



▪ Negotiating a sale is a lot of work and you have little time to concentrate on running your business at the same time. The business is likely to take a down turn and, again, you will make less money out of the deal.

Let's look at a scenario where a business owner takes on the selling of the business for themselves :

- 1) The buyer gives a simple, non committal Letter of Intent (LOI) with a low offer.
- 2) The seller asks for more money and the buyer raises the price by a little, until the seller feels they have got a fair value
- 3) The buyer does a thorough due diligence, which requires the seller to spend a lot of time getting together all the paperwork and making reports.
- 4) The seller doesn't have much time to run the business
- 5) Due diligence uncovers a number of problems, maybe with the bookkeeping, the financial forecast or with some contracts
- 6) The LOI is updated, but this time it has complications, such as delayed payment or clauses that tie payments to performance and other items that put the seller at a disadvantage.



7) The seller has now spent a lot of time and energy on the whole process, to say nothing of the thousands of dollars on lawyer fees. In addition the business has taken the toll from the lack of focus of management. This in turn leads to discontent within the business, less productivity and even employees looking to find jobs elsewhere.

8) As due diligence continues, the turn down in business shows up and further concessions are required.

9) At this point the seller can make one of two choices. The first option is to pull out all together, realizing that there is no way to make a good deal out of the sale. In this case the seller should go back to building up the business, learn from the experience and think about selling later with professional help. Hopefully, not too much damage has been done in the whole process in terms of losing custom, employees and money. More often than not, however, the seller is under so much stress over the whole process and not able to match the expertise of the buyer as they argue their case, that the seller gives in to a deal that is much below the original value of the business.



This scenario highlights the need for professional help when selling your business. It is often possible to get up to 40% higher price and a much less stressful time, when you have a competent team on your side. They can find a broader market for your sale, with more competition and the right buyers, help you prepare and optimize the value of your business and then deal with the negotiations, so you can continue running your business well throughout the whole process. Your business is worth more because of it and you will get more for it. Good for you and for the buyer.

In summary, it is well worth getting professionals in to help you sell your business. Without them there are many pitfalls and your business will normally sell at a significantly lower price. You will also save yourself from a very stressful process.



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 view of a business meeting around a wooden table. Several people's hands are stacked in the center, symbolizing agreement or partnership. Business documents, a laptop, a calculator, and coffee cups are scattered on the table.

Looking to Buy or Sell a Business?

CONTACT US NOW
FOR A FREE
BUSINESS VALUATION

GET FREE VALUATION

MERGERSCORP

The Leader In Business Sales Mergers & Acquisitions

WWW.MERGERSCORP.COM

MergersCorp.com

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

Member firms of the MergersCorp network of independent firms are affiliated with MergersCorp International. MergersCorp International provides no client services. No member firm has any authority to obligate or bind MergersCorp International or any other member firm vis-à-vis third parties, nor does MergersCorp International have any such authority to obligate or bind any member firm.

Copyright © 2020 MergersCorp International. All rights reserved.

