

Buyers Are Calling Me, Why Do I Need You?



Business owners often get contacted directly by potential buyers or buy-side advisors. We often get called when this happens. Our goal is to explain to the owner why, if they want to sell, they should hire us to represent them. We are successful at times but often the owner does not understand why she needs our help if she already has potential buyers calling her directly.

Here's why:

- **Seller Preparation:** We can help the seller prepare in advance of going to market and bring in other key advisors to the table (M&A attorney, CPA firm, wealth advisor, etc.). In certain cases, it may not be the right time for the business to be sold. In those instances, we refer the owner to an experienced business consultant to work on improving the business over a period of time, then they turn it back to us to help sell the business at the right time.
- **Maximize Value & Optimize Terms:** Sophisticated investment bankers like us can run a competitive process to maximize value and optimize terms. Dealing with a one-off party eliminates the competitive tension needed to get a deal done at maximum value.
- **We Pay for Our Fees in Multiple:** Based on experience, we have been able to garner a purchase price 25% to 75% higher than any existing offer, which more than makes up for our fee (by 5x to 10x+).
- **Qualify Buyers:** We can qualify the potential buyers to see what is motivating them and if they have the financial capacity to actually close a deal. The tire-kickers get booted out quickly.
- **Efficiency:** Without a competitive process the potential buyer has no motivation to move quickly or efficiently. A proper sale process with deadlines ensures efficiency.
- **Keep your Eye the Ball:** Selling a business is like a second full-time job. An experienced sell-side advisor takes a large portion of the burden of the seller's hands so she can keep her eye on the ball focusing on the business.
- **Deal Management:** An experienced investment banker keeps his pulse on the deal process from start to finish not allowing buyers to make mountains out of mole hills to their advantage.
- **Emotions:** Having an intermediary helps mitigate the impact of emotions getting in the way of negotiations.
- **Backups:** By running a proper process, an investment banker can ensure one or more backup buyers are present and immediately ready to step in should the first buyer try to re-trade or play games or if that deal falls through for any reason.

We have seen an increase in buyers engaging buy-side M&A advisors to search for targets and they contact our seller clients while we are either preparing to go to market or already in market. While we are more often on the sell-side, we also raise private equity or debt capital and represent buyers. If the buyer has an M&A advisor, the seller better have one also and just using an attorney or CPA (or even worse a 'friend who recently sold her business') won't cut it.