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Intermediaries play critical role in middle-market M&A

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The dynamics of business are changing. In a global marketplace where formerly fragmented industries are rapidly consolidating, the desire for strategic acquisitions has created a high demand for willing sellers. Where does this leave you?...with a critical window of opportunity to sell your company for maximum profit.

As the need to strengthen or complement core markets and products continues to fuel the recent flurry of mergers & acquisitions, companies and their advisors are constantly searching for just the right match. But even in the midst of a hungry market, many companies make the mistake of selling too quickly. What's the bottom line? Planning and negotiating a deal without the skills and expertise of a mergers & acquisitions intermediary leaves you vulnerable to an oversight that could cost you valuable time - and money. It could cost you the right deal.

By working with an intermediary, you gain an invaluable advantage in the selling process - a strategic partner trained to analyze your business goals, competitive situation, and the trends and market forces that shape your industry. From this analysis, the intermediary should develop a clear strategy for approaching the market and negotiating a deal that ultimately meets your business objectives.

Think of selling your company as a series of critical steps and the intermediary as the "quarterback" of this process. The management of this selling process by the intermediary gives the business owner the ability to do something crucial -- continue running the day-to-day operations of the business with minimal disruption.

The selling process is not merely about getting a fair price. It is a thoughtful and consultative process that seeks to maximize value. Preparing to sell a business involves an unbiased examination of the situation. Each potential transaction involves unique dynamics. Understanding these dynamics and the effects on the various parties is the most critical element of preparing for a sale.

Preparing your business for sale includes consideration of your near-term and long-term objectives. Interested in immediate retirement? Or perhaps retaining equity and growing the business further? Who are the most compatible buyers in your industry? Who is most likely to see value in your business? Who can afford to buy your business?

The answers to these types of questions are critical in crafting the type of deal structure that works best for your situation. Selling on your terms involves an intermediary, working in tandem with your accounting and legal advisors to craft the deal that meets and exceeds your expectations.

After an intermediary helps you assess your needs and objectives, the expectations of value will be explored. The business will be thoroughly examined and evaluated and an offering document prepared. This document is similar in content to a business plan and should include sufficient detail for a potential buyer to assess the opportunity being presented. The importance of a professional and thorough package cannot be overstated in the selling process.

The focused market search is the next step in the process. The intermediary will do extensive research to identify and screen potential buyers that meet both financial and strategic criteria. This is a delicate process. A certain level of competition is necessary to maximize value, but bringing in unwanted bids or inquiries often detracts from the process and potentially decreases the probability of a successful transaction.

The intermediary's job is not to wait for an offer, but rather to proactively market the business to select, pre-qualified buyers. Ultimately, selling on your terms comes down to the intermediary bringing you the right buyer, at the right time with the right process.

Maintaining a high degree of confidentiality is also a critical role of the intermediary. It involves the method and care taken for pre-qualifying buyers and ensuring that proper confidentiality agreements are in place. It also involves managing the flow of information in both directions between you and the prospective buyer -- knowing what type of

information to divulge and more importantly when to divulge it.

As the preferred buyer is selected and the process nears closure, the value of the intermediary becomes even more evident. By collecting input from the other critical members of your team - your accountant, lawyer, financial planner, etc.

- the intermediary prevents potential oversights and provides one uniform negotiating voice to the buyer.

In the complex process of selling your company, you need an expert on your side. You need a strategist, a guardian, a spokesperson, and an artful negotiator. In short, you need a skilled mergers & acquisitions intermediary.

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