



M&A

Someone Has Approached You to Buy Your Business ... Now What?

Many company owners will be approached by private equity or industry buyers. Here are steps that can help you decide if you would like to proceed or not.

1. Confidentiality is Critical

Early on you should execute a non-disclosure agreement (or NDA for short) to ensure that any discussion and information shared remains confidential and is not disclosed to competitors or other parties.

2. Know your Potential Buyer

Request additional information including investment criteria and post-acquisition plans from the prospective buyer to gain a better understanding of their intentions, financial capability, and strategic fit with your business.

3. Entertain an Offer

After an exchange of information, you may ask for a written proposal that often comes in the form of a Letter of Intent. Consider the proposed purchase price, payment terms, timing to determine whether the offer aligns with your expectations and the value you place on your business.

4. Negotiations

As the saying goes everything is negotiable. There will be terms in any offer that you will like, some you won't like, and some might be deal killers. Be prepared to negotiate.

5. Professional Advisor

Consider engaging an investment banker to assist you through this process. They can provide valuable insights, a market view of value, deal terms, and guidance to navigate the transaction successfully.

The Takeaway

These steps will help you determine if this is indeed the right exit for you.

Alternatively, running a sale process would include a wider pool of potential buyers to help ensure a transaction delivers the optimal solution for you and your business.

Or simply, continue to run your business while proactively preparing for a sale until you are indeed ready.