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**MBBI Wisconsin Event
7th Private Equity Connection**
December 6, 2017 12:00 to 5:00 PM
Potawatomi Hotel & Casino,
1611 West Canal Street
Milwaukee, WI

**MBBI Chicago Event
Networking and Social Event**
December 13, 2017 5:00 to 7:00 PM
The Drake Hotel
23010 York Road
Oak Brook IL 60523

**MBBI Chicago Event
Annual Conference**
January 23, 2018 | 9:30 to 6:00 PM
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Contributing Editor: Scott Bushkie
President, CBI, M&AMI A thought-leader in the industry, Scott developed the Cornerstone Process to offer investment banking M&A-level services to the lower middle market. The result is a closing ratio that's more than double the national average. Contact Information Below.



The M&A marketplace is very strong, and, according to the Small Business Growth Index from Capital One, small business optimism is the highest it's been since spring of 2012. So, it's not surprising that many business owners are getting phone calls and letters saying, "I want to buy your business," or "I have a buyer for you."

These solicitations typically come from a private equity firm, a family office, or a larger corporation. Many of these are ethical inquiries from motivated firms ready and willing to pay a fair price. But some are from professional buyers, approaching you with the direct intent of getting a steal.

The latter are professional acquisition experts, and they're very good at what they do. Entering into one-on-one negotiations with these buyers is like getting in the ring with a professional boxer. They've gone 180 and 6 while you're at 0 and 0, reading a book on "how to box."

Here's the play-by-play. They'll be friendly and cordial. They'll tell you they're in your corner. "Just tell us a number and we'll see if we can get there." They'll say they can do it, but later in due diligence they will find reasons to drive down the value or change the structure.

Late in the match, an unscrupulous buyer will deliver this blow: "We still want to do the deal, but it's not \$20 million anymore. It's \$16 million for these reasons...." Maybe you're tired. Maybe you and your spouse have been dreaming about the future. Maybe you've already invested a fair amount in legal or accountant fees. You give in, and down goes Frazier.

That said, many buyers do have fair intentions. They're looking to grow through acquisition and they've targeted your firm as an ideal fit. If the synergies are right, you'll get a fair price from a buyer who will keep their promises and help you meet your retirement and legacy goals.

KEYNOTE SPEAKERS
BRUCE WERNER
DENNIS KESSLER

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The problem is, for a seller doing this for the first time, it is very difficult to tell the difference between these two buyers. So, what do you do when you get an unsolicited offer? You don't get in the ring alone. Gather a team around you. Get educated. And keep your emotions in check.

Get an M&A advisor to act as the buffer between you and the buyer. The advisor can evaluate the offer against current market conditions, so you know where it ranks against comparable deals. Have your CPA look at the opportunity to find the optimal tax structure.

As legal documents come in, have an M&A attorney review the agreement. Don't sign a letter of intent (even though it's a non-binding document) without legal review. Get key negotiating points into that document early, because buyers are more likely to negotiate down from the LOI, not up.

You only get to sell your business once. You get one chance to do it right. Take charge of the situation. Unsolicited buyers may want to move quickly. They will want to keep you engaged in their transaction, in their process, without allowing other potential buyers to catch up.

Again, not everyone is out to get you. We've done some deals in which the final buyer was the first, unsolicited buyer. But we educated the sellers on where the market was at, and we helped them leverage their key negotiation points.

Unfortunately, you can't trust everyone's ethics and intentions. Don't let your guard down. Avoid lowball offers and predatory tactics by building your own transition team. If that causes the buyer to walk away, you'll know what their true intentions were.

Make sure you're making an educated decision. With the right team, you'll be punching above your weight and getting a fair value for your business.



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