



BENJAMIN F. EDWARDS® & CO.  
INVESTMENTS for GENERATIONS®

## Investment Banking

*Selling Middle-Market Companies*

Assisting on Targeted Acquisitions  
Independent Advisory Services to Business Owners



Summer 2018

### Business Owners:

## What to do if a Potential Buyer Approaches You

*2018 is projected to be another strong year for merger & acquisition activity.*

**According to Larissa Rozycki, Director at Harris Williams, “We’ve seen M&A be increasingly important to companies’ growth strategies in order to offset what might be viewed as a historically tepid organic growth environment.”**

In their 2018 M&A Outlook report, JP Morgan cites pro-business policy changes, technology-driven changes and records amounts of private equity “dry powder” capital as drivers of the strong M&A environment. In this sellers’ market, it is likely that more and more potential buyers will be knocking at your door. How should you respond?

While it might be flattering to be contacted, you should be very wary and careful in how you proceed. Most inquiries will be from unqualified buyers or buyers that are looking to get your business for a bargain. In their 2018 Middle Market M&A Outlook report, Citizens Capital Markets stated that, “The incidence of unsolicited contact between motivated buyers and prospective sellers has risen considerably over the past three years, as parties are pursuing any means possible to avoid a competitive situation.” While a company that is larger with substantial resources might contact you, it is still very difficult to determine who is qualified and a “real” potential buyer vs. a bargain hunter or someone merely looking for information.

How do you know if you should move forward and how? Deciding to move forward is often a huge waste of time and can eliminate top buyers.

First and foremost, have an exit strategy. Do not be reactive, be proactive concerning your exit options for your business. Understand that selling a business is one of the most significant financial decisions in your life. To realize a maximum value and successfully sell your business, you need to plan properly and prepare for a sale.

When approached do not casually move forward with any potential suitors regardless of how appealing the suitor might appear.

Simply obtain the basic contact information of the potential buyer and let them know that when the time is right for YOU, you will contact them. This will save you from disappointment and wasting significant time on sale discussions that most likely will not result in a successful transaction.

If your goal is to sell the business then we suggest that you get professional assistance with an investment banker. Investment bankers can help you maximize the value of the business and navigate the complicated and important process of selling your business.

2018-1354 Exp. 8/31/2020 Member SIPC

*Benjamin F. Edwards & Co.’s Investment Banking team specializes in selling middle-market companies.*

### Investment Banking Team

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