

# BENJAMIN F. EDWARDS & CO.

## INVESTMENT BANKING

*Mergers and Acquisitions  
Advisors to Business Owners*



### **BUSINESS OWNERS: WHAT TO DO WHEN A POTENTIAL BUYER APPROACHES YOU?**

*Currently, valuations are high and the market is very strong for middle-market businesses. As a business owner, you most likely have been contacted numerous times by someone interested in buying your business.*

2015 is projected to be a strong year for merger & acquisition activity. According to Alan Scharfstein, President of The Dak Group, "There is a lot of cash out there waiting to be deployed — by both strategic and PE firms — looking for the right transactions." In a 2015 M&A Outlook report, KPMG explains, "With growing consumer confidence, favorable credit markets, and limited prospects for organic growth, U.S. companies and sponsors are very comfortable using their balance sheet cash and private equity dry powder to achieve growth through acquisitions." 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. 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.



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

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

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