



Thinking About Selling Your Business, A Formal Process is Everything...

Once a business owner has decided that it is the time to explore the sale of their business, the next question that comes to mind is typically “now what?” Many middle market business owners are unclear of their options and how they should go about selling their most valuable yet illiquid asset.

First, enlist a competent and proven M&A Advisor to guide you; and ensure that their strategy is to employ a well thought-out and dedicated formal process. The process is critical and, as anything in life, injecting competition with tight timelines turns an inefficient and illiquid market into one which forces value/price discovery naturally and creates a customized “micro-market” where the best valuation and, sometimes more importantly, terms are established through competitive market forces.

Without creating and fostering those competitive market forces a business owner will not witness true or optimal value and best available market terms for their business. Simply putting a “sign in the yard” or selling to a friend of a friend will not allow a business owner’s most valuable asset to witness optimal pricing (*and terms*) in the market.

The best example of this, and we witness this at least once or twice a year, is a business owner who initially decided to sell his business to one of his competitors or to a company which approached them a few years ago and have been waiting for the business owner to get to their inflection point. The business owner begins one-on-one discussions with that party, agrees to a price and then things stall out, move incredibly slow or ultimately die altogether.

Is there any incentive for that acquirer to move quickly or offer the highest price they can? The answer is no... Then they approach our team after much frustration and we discuss their options and suggest employing a formal and highly confidential auction-style process with professionally prepared materials (i.e. a clearly built Confidential Information Memorandum, Financial Model, Data Room, etc.) that are required to ensure the company is proactively marketed which creates the competitive environment and forces buyers to put their best foot forward knowing a formal process is underway and solidifying they are no longer the “only girl at the dance.” In 95%+ cases where we have been tapped to come in and handle the process; that very buyer (the one who had been stalling, low balling or taking their time trying to renegotiate) becomes much more aggressive and in the end our clients have witnessed a significant increase in value, more favorable deal terms and a much more serious buyer. Thus, our involvement in the transaction process represents clear ROI to our clients.

There are no short-cuts for business owners to capture optimal value in the market for their company. Entrusting an experienced M&A advisor with an established and battle-tested formal process is the way to prevent regrets, keep all potential buyers honest and achieve the solace that the process was handled professionally and that the business was sold at the highest possible value and best deal terms available in the market – and most importantly the company was sold to the “right buyer”...

Thinking of selling your business?



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