



solutions brief

WHAT TO DO WHEN YOU RECEIVE AN UNSOLICITED OFFER TO BUY YOUR COMPANY

Business Challenge-

What to do when you receive an unsolicited offer to buy your company.

Congratulations, you just received a phone call from a company expressing interest in purchasing your business, perhaps even one of the larger players in your industry. Maybe they even made an offer with a very appealing price point. Your mind immediately shifts from the normal burdens of operating your business to visions of a rich retirement full of golf, vacations and visiting your grandchildren.

Sorry, but first you may need a little reality check. While it is always nice to feel courted, this is not an uncommon occurrence. Even in these challenging times our business owners are receiving more and more of these calls as there are still many buyers with cash seeking strategic acquisitions, as well as bargain hunters looking to steal a deal. At Gulfstream we receive a constant stream of requests from potential buyers asking us to help them source viable seller prospects. Nearly one third of business owner report having received an offer in the last year, very few of these unsolicited offers lead to a deal.

Mishandling this situation could have some real devastating impacts on your business and your future. It is important to tread carefully, especially if you are unfamiliar with the process. However, you don't want to be too cynical either. In some cases this could represent a legitimate offer and result in a great opportunity for you if handled correctly. We are sharing this article to offer some guidance on how you should manage this process.





What Owners Can Do, What Not to Do

Pause and Protect

First take a deep breath, do not do anything too hastily. **Do not share any information with them!**, these calls will not be confidential! Any legitimate buyer will understand that you need a signed confidentiality agreement from them before moving forward, the bad actors will try and glean information about your company and your willingness to sell. Tell them you are flattered but you were not currently considering selling your business. Inform them you are open to receiving an offer that makes strategic sense and that you will need to speak to your team before proceeding.

Assemble your Deal Team of Professionals

Reach out to your trusted advisors (accountant, attorney, M&A professional), and your internal ownership team. **Do not tell any employees or even key management yet!** If you do not have an M&A advisor, engage one. Though you may be tempted, **do not go it alone**, you risk being held at the mercy of your buyer who is likely much more experienced in acquisitions than you are. Additionally, you will underestimate how much of a drain on your time and resources this will be. Ideally you have engaged one before receiving the call even if it was just to assess your current value in the marketplace. It is a misconception of our sellers that the primary value of an M&A advisor is finding a buyer, it is helping manage the actual sales process for the owner that allows them to receive their optimum value.

Discover

Understand your business value and what is happening in the marketplace. Is the offer reasonable compared to what you could receive utilizing a competitive process.? Is the buyer a credible buyer, who are they and do they have the resources to even make this purchase? Is your business sales ready, will it survive a rigorous due diligence process. Are you ready? Could I get more if I made changes and were better prepared? Your deal team can help you understand these concerns.

Decide and Proceed

Keep control of the decision making process. If you decide to continue moving forward you will need your deal team more than ever to produce and manage the due diligence process, negotiate the timelines and terms, and position you to make informed decisions on whether to proceed towards a closing.

You have invested many years, possibly decades building a successful business, how you exit is critical. Working with a professional advisor who knows how to navigate the process of determining your value, qualifying a buyer and managing the process on one of the most important deals in your life.

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Next Steps

Contact us to schedule a confidential no obligation meeting to discuss how we can design a program to perform your ideal exit or acquisition .

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