

## Get the Right Value – Don't Do It Alone with One Buyer

By Robert Murphy, Senior Managing Director

Financial buyers deploy significant resources to contact private companies to purchase a company below its true market value. Before agreeing to sell, here are some important Do's and Don'ts for sellers to consider.

### As a Seller: Questions You Might Ask Yourself

- Why would any buyer pay the high end of their value range or offer their best terms if there's no competition and/or no knowledgeable M&A advisor negotiating on behalf of the seller? The fact is: no unchallenged buyer would pay top dollar.
- Should you directly negotiate the value and major deal points in the sale of your company? No, this is not your expertise and selling your business is probably the most important financial transaction of your life. You need an advocate with decades of M&A experience.
- Should you sell your company to a buyer who has approached you and this is the only offer you have? Maybe, but is there certainty to close? Is it the best fit available? Can value and terms be improved, or will another buyer pay more or be a better fit for you and your company?
- Should you pay a full M&A advisory fee on a deal where you are already talking to a qualified buyer? No, you shouldn't. In this situation, our firm may negotiate only with the existing buyer and would adjust our fee accordingly. However, if we contact other buyers, and a deal is done with one of them, then yes, a full fee is warranted.

### Call a Specialist

Despite ongoing macroeconomic uncertainties, 2023 is expected to offer strong demand from buyers for companies in the lower middle market (under \$200 million in annual sales). Various types of buyers, especially private equity firms, will no doubt be contacting you to express interest in acquiring your business.

Before you respond to these inquiries, check with us. PKF Investment Banking can help drive up value, improve terms and evaluate fit and certainty to close. We do this by being your advocate, knowing the market and, when appropriate, quickly and confidentially contacting a select group of additional buyers.

With a high-quality M&A advisor in the picture, the "one-buyer" is presented with the possibility that we will run a full marketing process if he or she is not willing to agree to the deal that is right for you.

### Reaching a Better Deal

Here are two examples of "one-buyer" deals we negotiated:

- The deal already on the table with a qualified buyer was improved by 20% and then closed within 60 days.
- The deal already on the table had a value that we deemed was too low. After an efficient marketing process, the original buyer improved their offer, yet ultimately lost out to another buyer who was not only a better fit but paid a higher value by several million dollars.

## Team Up with Pros

Our investment banking team is comprised of senior-level professionals with decades of M&A experience across a range of industries. We're not cookie-cutters – our approach is tailored to each engagement. Our commitment is to be your trusted advocate.

Without competition or proper M&A advisory representation, selling to a buyer on your own can result in money left on the table and/or deal terms that fall short of what you should be receiving. We can help to ensure you obtain the best value and terms.

## Contact Us

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## About PKF Investment Banking

PKF Investment Banking is the investment banking affiliate of PKF O'Connor Davies. Whether a business owner is ready to sell the company or seeking growth through acquisition, our investment banking team is committed and credentialed to help owners achieve their objectives. Our investment bankers provide guidance through every step of the process and bring the expertise to enhance certainty to close – while always staying focused on maximizing the value derived from the transaction. The PKFIB team has closed over 200 successful M&A transactions across many industry verticals.

Securities-related transactions are processed through an unaffiliated broker dealer, Burch & Company, Inc.

PKF O'Connor Davies, LLP is a full-service certified public accounting and advisory firm with a long history of serving clients both domestically and internationally. With roots tracing to 1891, the Firm has 19 offices in the United States and abroad with more than 1400 professionals who provide a complete range of accounting, auditing, tax and management advisory services.

Our Firm provides the information in this e-newsletter for general guidance only, and it does not constitute the provision of legal advice, tax advice, accounting services, or professional consulting of any kind.