

PACE Capital Advisors

Creating Transferable Value

This issue brought to you by:

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What To Expect From A Buyer

Assuming that all business owners (except for those forced to liquidate) will eventually sell or transfer their companies, we often focus on what it takes to be a well-prepared seller. Setting exit objectives, planning to minimize the income taxes on the ownership transfer, building business value and selecting a skilled Team of Advisors are some of the most important items on any “Savvy Seller Checklist.”

But what about well-prepared buyers? What does one look like and why, as a seller, should you care?

First, once you put your company on the market, you must be able to recognize a “serious” buyer. No one likes to conduct an extensive courtship only to be stood up at the altar. Business owners are no different. They want a serious buyer—one who will be able to close the deal.

Characteristics of Well-Prepared Buyers

They Know What They Want.

First, owners should look for a buyer who has clearly defined objectives. Will your company be a standalone acquisition or part of an industry consolidation? Will the buyer build-and-hold or flip your company? Serious buyers know what they want and aren’t just “looking for a new opportunity.”

They Travel In A Pack.

Second, well-prepared buyers have teams of advisors knowledgeable and experienced in the acquisition process. They are too smart to attempt to fly solo through the sale

process. They know that if they try to handle the transaction themselves, the probability of closing greatly diminishes. Ultimately, do-it-yourself buyers can be a waste of your time.

They Know What's In Their Wallets.

Third, serious buyers know what kind of financing they can secure. They've already communicated with their lenders and are poised to move forward.

They Understand Win-Win.

Fourth, well-prepared buyers are not myopic. They know that the only "good deal" is one in which everyone wins.

They Are Grown-Ups.

Serious buyers have been around the block a few times. They know that the road from the initial meeting to the closing table can be full of twists, turns, peaks and valleys. They have stomachs strong enough to endure the ride.

They Run In the Fast Lane.

Once the deal process is underway, an owner can look for several other characteristics. Well-prepared buyers can move quickly to closing. Their preparation, Team of Advisors and understanding of the process eliminate many of the obstacles novice buyers encounter.

They Know Their Place.

Serious buyers understand their role in the deal process. They let their advisors negotiate the nitty-gritty deal points so that they can maintain a relationship with the seller as well as their credibility and professionalism at all times. They are well aware that today's seller may be tomorrow's key employee.

Trading Places

Now that you can spot a prepared buyer, don't be surprised if you have to become one. As you prepare your company for eventual sale, you may need to acquire other businesses as means to achieve "critical mass." In other words, you may have to buy smaller (or similar-sized) businesses so that your company is large enough to attract qualified cash buyers. Before you become a seller you may have to walk a few miles in a buyer's shoes.

We are happy, as always, to assist you with all of your planning needs, including those involving the preparation of your business for a sale or a purchase.

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Any examples provided are hypothetical and for illustrative purposes only. Examples include fictitious names and do not represent any particular person or entity.

As a Certified Exit Planning Specialist, Denis brings a unique blend of experience to the marketplace having been involved in more than 100 transactions as a buyer, seller, investor, advisor or financier of businesses throughout his career. He previously was involved in private equity for ten years and was responsible for identifying, underwriting, structuring, closing and managing investments including developing growth and exit strategies. In addition he has served as a director of a variety of both domestic and international privately held companies.

Pace Capital Advisors provides merger and acquisition advisory services to owners of lower middle market businesses in the Southeastern US, typically companies with revenues ranging from \$5 million to \$50 million. Our target market comprises entrepreneurs, family business owners, and other privately-held business owners who seek the guidance and counsel of proven merger and acquisition professionals when considering the complex set of options available to them for selling or transferring ownership of their business. Our services range from preparing business owners and their companies for the process of ownership transition to full responsibility for conducting a business sale process on the owners' behalf. Pace's principals have acquired and sold numerous businesses during our careers in private equity, corporate development, investment banking and venture capital. We know how to properly package and position a business to maximize its transferable value. Our experience includes over one hundred merger and acquisition transactions in which we have occupied almost every seat at the transaction closing table - buyer, seller, owner, lender, and M&A advisor. We know what it takes to make a deal work, strategically, financially and psychologically, how to prepare business owners and their companies for the sale process, and what it takes to close the deal. (404) 843-8618

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