

Maximizing Value

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Focus valuation discussions on the future potential of a business

- A buyer will gain confidence and comfort in a business by performing analysis and thoroughly understanding its historical financial performance. However, when negotiating valuation, it is important to focus the discussions on the future cash flow potential of the business.
- Conducting rigorous industry research and analysis, developing defensible financial projections and presenting the pro-forma financial and strategic benefits (revenue and cost synergies) of the merger are all steps a seller must take to be effective in valuation negotiations.

Don't leave money on the table by neglecting the intangible value of a business

- At a minimum, a buyer ought to be willing to pay the baseline intrinsic value of a business.
- In many cases, however, sellers forego the opportunity to obtain appropriate compensation for the **intangible value** of the business. This is caused by the inability of inexperienced sellers to properly substantiate, support and quantify the intangible value of their business.
- Employing proper valuation methodologies and techniques can help sellers maximize value. It is also important to recast historical financial statements in order to show the effect the purchase of the business will have on the buyer's financial results.

Negotiate a winning deal structure

- Properly structuring a transaction is just as important as negotiating valuation. Being experienced in deal structuring and effectively negotiating the terms and conditions of the transaction are critical to securing and preserving the maximum value for a company.

How to achieve maximum value and sell to premium buyers

