

Article

Getting Ready For An M&A Transaction If You're The Seller

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As the economy lurches forward, many companies are assessing liquidity options. When will they be able to sell? What is the sale price likely to be when markets recover? And so on. While it's natural to ask those questions, smart companies are instead focusing on what they can do now to position themselves to move quickly once M&A opportunities eventually arise. Those companies are more likely to optimize the value from an M&A transaction than those who wait to prepare until after the economy improves.

Here's a list of critical actions you can take now to prepare for an M&A transaction:

- **Determine what your identity will be.** Examples: "We are the leading innovator in our industry;" "We have the lowest cost among our peers;" "Our operating model is the most efficient;" "Our technology creates a sustainable competitive advantage." Buyers like to buy companies they identify with, and a clearly stated, succinct identity will help make that connection.
- **Discover your key value drivers.** Why would a buyer be interested in your business; why pay top dollar for it? If you figure out the things that really drive the value of your business, you can push your business in a direction that will maximize its value.
- **Develop systems that give you accurate, verifiable numbers.** Buyers expect to hear that you've got great employees and great customers. But the value a buyer pays for your business depends in large part on your historical financial performance. Buyers love to crunch numbers. And if your numbers aren't reliable, or you can't efficiently pull the financial information a buyer will want, you aren't likely to get full price for your business.
- **Identify and resolve any potential showstoppers.** Showstoppers can come out of nowhere when you're trying to close an M&A transaction. A big surprise late in the game can kill the deal or result in a big hit to the sale price. And if owners or key employees, suppliers, and customers are already aware of the proposed sale, your business may be hurt if the deal doesn't close or if price expectations aren't met. In my experience, the same types of showstoppers tend to crop up; [click here](#) for a list of some typical showstoppers.

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