

Navigating the Mergers and Acquisitions Process

BY PAUL DIPPPELL

Many of us in the IT services field enjoy more than managing the P&L; psychic reward comes when we coax added productivity from our clients' businesses or add new capabilities to them. That means that, for many of us who got into technology in the late '70s and '80s and who want to sell our business, we want to stay on with the new company to continue to serve clients, to carry on the productivity battle. If so, we're not only looking for a buyer who can meet our terms, we're also looking for a new business partner and a new professional home.

Who might be interested in buying us? In the universe of potential buyers, there are many possibilities: our peers who have similar or deeper resources; larger competitors seeking our geography, client base, or

staff; services firms in adjacent sectors looking to gain a cross-sellable offering; management consulting firms who want to underpin strategy with execution; manufacturers moving toward a true solution-sell; consolidators and private equity groups intent on building a juggernaut. To get the best value for our assets, and, if desired, find the best choice of new professional homes, we need to be prepared to attract as many potential buyers as possible and then convince, evaluate, select, structure, be convinced, and finally negotiate with a narrowing field that ultimately yields the right one—all the while keeping our emotions in check and our daily business in gear.

And how do we prepare? What are the steps? Obviously, we want to maximize the value of the assets we have created. Less productive assets must be trimmed, promising new ones must be accelerated. We must evaluate our employees and have transition plans for them into the new organization or elsewhere. Likewise, we must anticipate our custom-

ers' reactions and ensure a smooth transition to the new owners. Contracts with customers, partners, and vendors must be reviewed and perhaps adjusted to accommodate the sale. Last, we must prepare to evaluate the buyers' plans for integrating our operations into theirs, a step critical to our successful earn-out.

As we are tuning the organization for maximum value, how do we prepare records and documentation to accurately and effectively communicate the value we've created to our universe of interested buyers? We need to assemble our trusted advisors and enlist them in the sale effort. We need to determine assets that will appeal to various buyers and articulate them in their language. We have to prudently communicate the risks and rewards of our business without overstating them. And we have to be prepared to respond crisply to buyers' questions and requests.

Selling a business means navigating a poorly lit highway through somewhat uncertain terrain toward your desired goal. ▼

This article originally appeared in the December 2001 issue of *Sbusiness*, a publication of AFSM International, Fort Myers, Florida.