DEAL PRIMER

MERGERS & ACQUISITIONS

HOW A SALE PROCESS WORKS, FROM THE DECISION TO SELL THROUGH CLOSING



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DECIDING TO SELL

The decision to sell a business is emotionally taxing because it involves deeply personal factors such as retirement, liquidity, health, and legacy. An owner can choose to stay independent and keep executing the business plan in the hope of selling at a higher valuation later, but that path requires significant effort, often dilutive financing, and no near-term liquidity, while competition, technological change, and market risk remain. The alternative, waiting passively for buyers to approach, often results in a low offer or a deal that collapses during rigorous due diligence.

Do the work early, and remember that a full sale is not the only path. A partial sale that takes some chips off the table, combined with succession planning, can also work. Consult your peers, board, and advisors, or speak with an experienced M&A advisor to evaluate your goals and options. An inefficient sale process wastes time and energy, so when you choose to pursue one, be proactive.

HIRING AN M&A ADVISOR

M&A advisors or investment bankers help business owners run and manage a formal sale process. For most owners, selling their business is a first-time experience, so guidance and support are valuable at every stage. The advisor starts by gaining deep insight into the company and the seller's strategic objectives, then analyzes its business, finances, and operations to prepare compelling marketing materials, contact potential buyers, help evaluate and negotiate offers, manage due diligence, and support negotiation of the purchase agreement through closing. A well-run, competitive process saves time and maximizes value by creating competitive tension among buyers.

An M&A advisor is particularly valuable to entrepreneurs and middle-market business owners, who often lack the internal bandwidth to manage a sale process while maintaining day-to-day operations. An advisor provides dedicated support, allowing owners to remain focused on running the business as the transaction progresses.

THE "PROCESS"

PREPARING THE BUSINESS FOR MARKET

A typical transaction takes six to twelve months, depending on the complexity of the business, buyer interest, and regulatory requirements. The first step is for the M&A advisor to **gather and analyze** the company's financial, organizational, sales and marketing, employee, and operational data. Next, the advisor drafts a detailed confidential information memorandum (CIM) covering the business overview, investment highlights, market information, key operating metrics, management biographies, and financial information. A **teaser**, an anonymous one-page summary, is then drawn from the CIM. The advisor contacts shortlisted acquirers with the teaser and a confidentiality agreement (CDA), and shares the CIM only with parties who sign it. Throughout, the advisor communicates the seller's goals and sets expectations on timing.

INDICATIVE TIMELINE

WEEKS 1–3

Strategic assessment

- Information gathering
- Business valuation
- Assessment of objectives
- Identify potential acquirers

WEEKS 4–8

Preparation

- Confidential information memorandum (CIM)
- Executive summary (teaser)
- Legal documents (CDA and process letter)
- Initial outreach: teaser and CDA

WEEKS 9–14

Bidding: round 1

- Execute CDAs
- Circulate CIMs
- Populate virtual data room
- Indications of interest (IOIs)

WEEKS 15–19

Bidding: round 2

- Management meetings and site visits
- Access to virtual data room
- Letters of intent (LOIs)
- Shortlist preferred acquirers

WEEKS 20–24

Final negotiation

- Negotiate key terms for the seller
- Confirmatory due diligence
- Select preferred acquirer

WEEKS 25–26

Signing and completion

- Sign definitive agreements
- Regulatory filings and approvals, if any
- Funds wired
- Closing

Timing is indicative and varies with the size and complexity of the business, the number of bidders, and any regulatory approvals required.

BIDDING: FIRST ROUND

After reviewing the CIM, bidders are expected to submit an **indication of interest (IOI)**, a non-binding offer that broadly outlines the valuation range, deal structure, and due diligence requirements. The IOIs provide the basis for selecting buyers for the second round.

BIDDING: SECOND ROUND

In this round, the buyer and seller get to know each other, compare their goals, and discuss post-closing terms. Buyers examine all aspects of the business, visit the seller's facilities, and meet with management. A **virtual data room** (VDR) is populated with critical business data so bidders can verify the information behind their indicative offers. **Management meetings**, often paired with a facility tour, are also a good time to learn each buyer's thought process and post-closing plans. Your M&A advisor organizes the VDR, coordinates meetings, and manages bidder questions.

Toward the end of this round, bidders submit a **letter of intent (LOI)** with more precise terms, and the preferred acquirer is selected for final negotiation.

SIGNING AND COMPLETION

The final phase formalizes the agreed intent, value, and structure in the purchase agreement, employment agreements, and other transaction documents, alongside confirmatory due diligence. Legal counsel supports documentation and closing, while the M&A advisor brings experience coordinating Q&A.

Complete required regulatory filings, secure approvals, close the transaction, wire the funds, and announce the deal.

RESPONDING TO BUYER INTEREST

Receiving M&A interest from a buyer is flattering, as it validates the success of the business. Before engaging, research the buyer: its objectives, past acquisitions, and whether it could be a good fit for your company. Don't take a first meeting unless you have a clear goal, know which questions to ask, and know how you will respond to theirs. An M&A advisor can help you prepare, negotiate from the outset, and gather key information such as the proposed deal structure (cash, equity rollover, earnout), the buyer's motivation, and its ability to close within a reasonable timeline. If you are satisfied that the interest is genuine and the fit is right, move decisively.

GET STARTED EARLY

Prepare your own information deck and keep it current. Organize it into sections such as Key Strengths, Business Overview, Sales & Marketing, Operations, Quality & Regulatory, Management Biographies, and Financials. Also maintain an organized folder of supporting data and documents so you can respond quickly once a process begins. Updating the deck lets you see your business from a buyer's perspective and prepare for questions about your core competencies and why customers choose you over competitors. Think carefully about what you want as a seller, and what you want for your employees.



PERSPECTIVE

YOU DO NOT HAVE TO FACE IT ALONE

M&A is deeply personal, so do not face it alone. Consult your peers and board. Alternatives to a full sale exist, and with the right resources and time, you may choose to keep building the business. Evaluate your options and your motivation to sell.

Finally, consider speaking with an experienced M&A advisor. Their expertise includes analyzing comparable transactions and valuation multiples, valuing the business, and running a disciplined, timely sale process. It is never too early to start the conversation; early guidance and market intelligence can shape your preparation well before you decide to sell.

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