



A FASTER AND BETTER WAY FOR BUSINESS OWNERS TO CONNECT WITH BUYERS

## BUYER TYPES

1. Strategic
  - a. PRO - Potentially higher price
  - b. CON - Typically does NOT need people & Facilities (exception “platform acquisitions by Private Equity Firm”)\*
  - c. WHO –
    - i. Larger Private, Public and International Companies in your industry or synergistic with it where your company adds immediate value to buyer.
    - ii. Some Private Equity “Platform” companies and Buy-Out Firms
2. Competitors/Suppliers/Vendors
  - a. PRO - EASY, buyer knows business
  - b. CON - LOWEST price & if deal fails HUGE potential market exposure because of sensitive information being divulged. This should be buyer of last resort!
  - c. WHO –
    - i. Direct Competitor in your market
    - ii. Out-of-Region Competitor
    - iii. International Competitor
3. Employees
  - a. PRO - Tax Incentives & Employee Goodwill
  - b. CON - Lower price & if deal fails it creates a strained relationship between employer and employee, difficult to maintain confidentiality
  - c. WHO –
    - i. ESOPS – Employee Stock Ownership Plans
    - ii. ESOTS- Employee Stock Ownership Trusts
4. Individual Employee
  - a. PRO - May be ONLY option for smaller companies
  - b. CON - Lower Price, Proceed cautiously unless employee has third party financial backing
5. Financial
  - a. PRO - Fair Price/Flexible, can move Quickly, NEEDS people and infrastructure, many willing to do Management/Leverage Buyouts, Some will do NON- Control equity recaps.
  - b. CON - Strategic buyer can pay more
  - c. WHO –
    - i. Private Equity,
    - ii. Buy-Out Firms,
    - iii. Hedge Funds, and
    - iv. Family Offices.

\*Platform Company is usually the first acquisition by the buyer in a new market or industry.

The M&A MARKETPLACE by CHC<sup>SM</sup> is a place for owners to come for information and access experts that can help them through this unfamiliar process to achieve the best result.