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## 8 Things to consider when selecting an M&A Advisor

*(Also known as an Intermediary / I-Banker / Business Broker / M&A Professional)*

By: Doug Robbins

I have met thousands of business owners over the decades, and the majority of small to medium sized business owners/entrepreneurs are “do-it-yourselfers”.

Most have survived many challenges along with some failures but have continued to work diligently which is why they are successful today. They believe in themselves, as they should, and many believe they do not need an M&A Advisor - they can do it themselves.

Many studies have been completed over the years by various associations and the conclusions are consistent:

1. A competent, experienced M&A Advisor will:
  - Remove a great deal of emotion from the owner, allowing them to make logical common-sense decisions,
  - Filter out literally the hundreds of tire kickers who want to learn about the business, saving the owner hundreds of hours of wasted time,
  - Allow the owner to stay focused on operating their business,
  - Generally, receives between 15% and 25% higher price than if the owner did it themselves, and
  - Most importantly, will maintain confidentiality.
2. Transitioning a business is a once in a lifetime occurrence. The business owner should select an M&A Advisor who is really a strategic partner, who listens, rather than speaks, who is interested in a long-term relationship, will work to earn the owner’s trust, and will be able to utilize their knowledge and experience to achieve the owner’s best interests.
3. Owners should plan 3 to 5 years in advance of their desired transition date to ensure that the right structure is in place, and that they are making:
  - The **right** decision at
  - The **right** time for
  - The **right** reasons™
4. The M&A Advisor needs to not be afraid to honestly speak up when they think the owner needs to hear something they may not like or want to hear.

5. Owners need to understand the complexities of the sale of a business, so they really need someone with deep experience on their team. They should look for the 3 Cs:
  - Competence
  - Compassion and integrity
  - Communicates at the owner's level, doesn't talk above them
6. Selling a business takes time, both in working hours and elapsed time
  - Working hours vary from assignment to assignment, but generally run 400 to 800 hours or even more, depending on circumstances that evolve as the assignment progresses,
  - Elapsed time usually runs from 9 to 15 months, occasionally less and often more. Many things are beyond the direct control of the M&A Advisor such as tax structuring, the economy, environmental, legal, licensing, leases, customers, suppliers, contracts and licenses, along with other professionals such as accountants, bankers and lawyers.
7. In a long-term relationship, the commission from a sale at the end of the project may not be a fair way to compensate an M&A Advisor
  - Many Advisors charge fees for various activities, and usually credit a portion to the commission
8. Owners must be totally honest and straightforward while working with an M&A Advisor. They can deal with most problems if they are aware of them in time, but it is often difficult, if not impossible to deal with surprises.

## The Robbinex Mission

We provide our clients with experience-based knowledge to maximize the value of their companies, to help them make:

...the **right** decision at  
...the **right** time for  
... the **right** reasons™

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## The Bottom Line

*When choosing an M&A Advisor a business owner should look for more than just a deal-maker. The owner needs a strategic partner to place them into the position of 'highest authority', so they can continue operations in the normal course, not be concerned about confidentiality, nor the details of the transition, and simply say yes/no to proposals.*

## About the Author

### **Doug Robbins, President and Founder of Robbinex Inc.**

Doug is an internationally renowned Canadian Business Intermediary and Business Broker. He is a seasoned businessman having completed more than 1,000 assignments relating to advising clients on Mergers and Acquisitions (M&A); valuations; transferring businesses to the next generation; partnership resolutions; refinancing; along with numerous other consulting activities.

He has completed more than 400 business sales; and invested in 32 businesses. As a licensed Real Estate & Business Broker in the Province of Ontario, Doug has always actively supported the M&A profession through investing significant time and energy by way of memberships, lecturing, and presenting workshops for numerous M&A organizations.



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