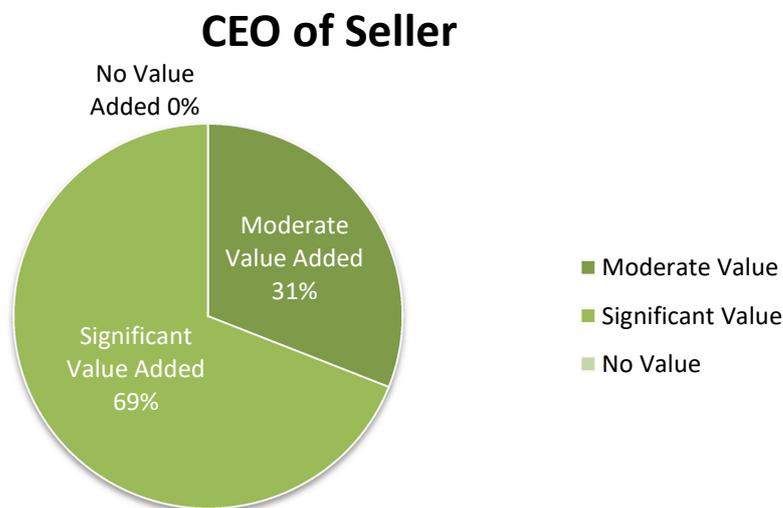




Value Added by M&A Advisers in Company Sales

Axial Forum publishes the results of a recent study by **Fairfield University of Connecticut** in which CEOs of mid-market companies were asked their opinion about the value added by M&A Advisers in M&A transactions.

69% of CEOs claimed that in their experience of mid-market transactions, M&A Advisers added significant value to the M&A Transaction. No CEOs thought that M&A Advisers added no value. The results are shown in the pie-chart below:



This stands to reason. Relatively few CEOs of mid-market companies have significant M&A experience, especially on the sell side of company transactions. Many may have acquisition experience, but acquisitions are very different transactions to selling a company.

In our experience at Pace Equity, many CEOs will not know or understand the finer points of how to build and negotiate the best value in a sale-side transaction, nor will they have the M&A experience to read or pick-up the buy-signals that are so important in achieving premium value in a sale. Company valuation is a complex art/science and those that practice it on a daily basis in their working lives are substantially better placed to achieve the best price in a deal.

The secret of a good partnership in any M&A sale transaction is where the Company CEO will keep focused on growing the company and building value internally in the often lengthy process of a sale and the M&A adviser will take meticulous care of the transaction and negotiation details, while at the same time applying his/her experience from other transactions and well-researched market dynamics to build value. Most importantly an experienced M&A adviser will focus on understanding what the buyers truly want from the deal and how to negotiate round those buyer-needs to best effect.

Pace Equity Limited

Blandy House 29 Hart Street Henley-on-Thames Oxfordshire RG9 2AR

T 01491 577889 F 01491 574488 E info@paceequity.com www.paceequity.com

Registered in England No 3213924

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M&A advisers add significant value in preparing and positioning a business for sale, in researching the available market and finding the right buyers, in managing the deal process and in helping the seller build the vision for the future of the business under its potential future ownership. This value-added by M&A Advisers can be as high as 15-20% in many company transactions, simply because most CEOs lack the experience in preparing companies for sale across every aspect of the business. Set against the total cost of a sale transaction of between 5-8% of the sale price, this demonstrates the significant value in using a good, experienced M&A team.

Pace Equity has been involved in over 280 company sale transactions in its 27-year history

If you would like to follow up on this article – please e-mail kengraham@paceequity.com or call the offices of Pace Equity at 01491 577889.

For further information on Pace Equity, please visit www.paceequity.com

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