



Mergers & Acquisitions • Business Valuations • Financial Services

## Contemplating a Business Acquisition?

### *Remember 3 Critical Factors*

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Whether you are a first time purchaser or a seasoned entity interested in pursuing strategic growth initiatives, a business acquisition requires a focused, targeted approach, while remaining flexible to unexpected opportunity. NuVescor Group regularly speaks with buyers from around the globe, whether they are financial, strategic, synergistic or a group of investors, and have found that the critical component to a successful acquisition is the growth opportunity. Despite the current economic climate, we continue to experience a high level of buyer activity. Many talented individuals, who have seen their personal net worth decline or have experienced a job loss, wish to own their own business, while growth oriented companies with strong balance sheets and efficient business systems, are able to bolster sales through the acquisition of another business. In both cases, the background of the individual or business, must be a strategic fit with the business that they desire to acquire. The following are a few of the more critical factors to remember when contemplating a business acquisition:



#### 1. Determination of goals and objectives

As we speak with buyers to determine if they are a well-suited candidate for the opportunities we represent, we regularly meet with buyers who have spent too much time and money on past attempts to acquire a business. Realizing that time is a non-recurring commodity, NuVescor has developed a process which will rank the buyers goals and objectives from critical to barely significant. The process has allowed us to adeptly assess opportunities upfront while moving on to those that may be a proper fit to complete the transaction. We believe in quality over quantity when working with buyers and remain vigilant to protect our clients' confidentiality.

Many sellers have also found that after an unsuccessful attempt to sell their business on their own, that perhaps profits and sales may have suffered due to a preoccupation with the details of a futile transaction. An experienced intermediary will be aware of potential problems along the way and will work to bring resolution, while guiding the sellers or stockholders through the sale process.

#### 2. Price and terms alignment: Buyer vs. Seller

When making the determination whether to pursue a particular opportunity, the buyer must first consider several factors that weigh into the structure of a deal. Sellers' expectations in conjunction with the company's revenue trends are of paramount importance when determining the likelihood of an eventual sale. Normally, elevated seller expectations are driven by positive revenues and cash flow trends that are similar to the prior year or have experienced a modest decline. Given the current economic environment, if the company has performed better than most, perhaps there is little need to compromise on the acquisition price. Indeed, the price perceived by the buyer versus the price expected by the seller, typically contains a gap. However, if the buyer and seller are well matched and the buyer has the ability to add value to the business, the perceived gap can be successfully negotiated. A skillful intermediary is able to maximize the value of the overall transaction while keeping all parties engaged and committed to a successful conclusion. Collectively, the NuVescor team has expertly structured hundreds of transactions resulting in a mutually beneficial outcome for both the buyer and seller.

#### 3. Ability to obtain financing

While working with a financial buyer, the journey to obtain financing can be fraught with risk. Banks are shifting their lending parameters including industry/business profile, collateral and asset valuation, as well as the overall way they approve financing. This environment of constant change, combined with reduced bank staff in some cases, has caused delays in obtaining loan approvals. The process can become tedious without the help of a skillful intermediary. NuVescor's team is comprised of former banking executives with specializations in both SBA and traditional commercial lending.

#### Confidential consultation

Please contact NuVescor Group if you would like to acquire or sell a business. We will be pleased to develop a plan that will allow you to meet your specific goals and objectives.

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