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## Playing the Field: The Importance of Multiple Buyers in the Mergers and Acquisitions Process

You know the old saying, “Marry in haste, repent at leisure?” Dating back to 1693, it still stands the test of time—surprisingly, even in the mergers and acquisitions world. When selling your business, you may be tempted to accept the first attractive offer you receive. But relying on a single buyer can expose you to significant risks and missed opportunities.

Drawing in multiple buyers is not just advantageous, it is often essential for maximizing value and ensuring a successful sales transaction. Let’s take a look at why engaging multiple buyers is crucial in the M&A process:

### 1. Maximize Value Through Competition

One of the most compelling reasons to attract multiple buyers is that it enables you to create a competitive bidding environment. When several buyers are vying for the same asset, competition drives up valuations as bidders seek to outdo one another. This dynamic allows you, the seller, to achieve the highest possible price for your business. Buyers, motivated by enthusiasm for the deal and fear of losing out to competitors, may offer more favorable terms or accelerated timelines. We call this “deal heat.”

For instance, in a competitive auction process, we quantify the potential synergies and future growth prospects for each buyer, further elevating valuations. This process ensures that you are not leaving money on the table by settling for an initial offer.

### 2. Enhance Your Negotiation Leverage

When multiple buyers are interested in your business, you have significant leverage during negotiations. With several options on the table, you can push for better terms, such as an all-cash deal that eliminates any earn out.

Conversely, dealing with a single buyer often places you in a weaker position, where you risk accepting less favorable terms due to lack of alternatives. Essentially, you are forced to eat what the buyer serves. And without competition, a buyer may feel no urgency to finalize the deal and may attempt to renegotiate terms late in the process.

### 3. Mitigate the Risks of Deal Failure

Relying on a single buyer exposes you to significant risks if the buyer decides to back out or fails to secure financing. In contrast, having multiple interested parties provides you with fallback options, ensuring that the sale can still proceed even if the preferred bidder withdraws. This redundancy is particularly valuable in volatile markets or when dealing with complex transactions.

Additionally, engaging multiple buyers reduces your dependency on any one party’s due diligence process or timeline, allowing you to maintain momentum and avoid delays.

#### 4. Protect Yourself Against Market Changes

Market conditions can shift rapidly during an M&A process. Having multiple buyers ensures that you are better positioned to adapt to these changes. For example, if one buyer's valuation decreases due to external factors such as economic downturns or industry-specific challenges, other bidders may still be willing to proceed at higher valuations.

#### Master Exit Planning® Sets You Up for Success

A successful exit requires a well-defined strategy that addresses the owner's business, financial, and personal objectives. Our comprehensive Master Exit Planning process prepares our clients to sell their business, harvest the wealth, and protect it for future generations. We provide each owner with a Master Exit Plan tailored to their specific situation and needs.

#### We've Created Extraordinary Success for Our Clients

Our clients achieve exceptional results when they execute their Master Exit Plan! Our latest deal involves a client that began working with us in 2023. During the exit planning process, our client made changes according to our eo optimization plan so the business would be positioned to attract multiple investors when they did go to market. We also prepared the owners by working with their advisors to ensure the estate plan and wealth management strategy were tax efficient and would protect the wealth created to benefit the family for generations to come. We also worked with the owners to create a vision for the next chapter of their lives, post-ownership, to help them transition easily and with a continued sense of purpose.

When they did go to market they engaged with multiple buyers that resulted in three Letter of Intents that maximized the price and terms they received. Competition matters!



#### About Chris Vanderzyden

Chris Vanderzyden leads the Legacy Partners Worldwide Division of The DAK Group. She is a trusted advisor to clients and peers, an industry trailblazer in exit planning, and a mentor and leader to a team of top financial and M&A professionals. She can be reached at [cvanderzyden@legacypartnersllp.com](mailto:cvanderzyden@legacypartnersllp.com)