

# Considerations for Acquiring a Business

## Discussion Outline



Provectus Business Development Services  
Minneapolis, MN  
612 381 1571  
[www.provectus.org](http://www.provectus.org)

## **1. Considerations for business acquisitions**

### 1.1. Strategic intent

1.1.1. New business sector

1.1.2. Market share

1.1.3. Product extension

1.1.4. Strategic buy

1.1.5. Financial buy

### 1.2. Evaluation of financial resources

1.2.1. Stock or Cash

1.2.2. Debt capacity

1.2.3. Range of deal options

### 1.3. Early integration considerations

1.3.1. Management talent and availability

1.3.2. Integration intensity

1.3.3. Relationship with the acquired company

1.3.3.1. Supports the strategic intent

1.3.3.2. May restrict the scope of candidates

### 1.4. Criteria for selection

1.4.1. Size

1.4.2. Financial condition

1.4.3. Location

- 1.4.4. Competitive position
- 1.4.5. Marquee value
- 1.4.6. Management team strength
- 1.5. The search
  - 1.5.1. Finding candidates
  - 1.5.2. Approaching and qualifying candidates
    - 1.5.2.1. Assessing the needs of the seller
    - 1.5.2.2. Assessing seller against buyer criteria
    - 1.5.2.3. Revisit criteria – does it make sense to compromise
    - 1.5.2.4. Selling the acquirer
      - 1.5.2.4.1. Intent
      - 1.5.2.4.2. Post acquisition role of the seller – if any
      - 1.5.2.4.3. Chemistry between the parties

- 1.5.3. Establish short list of target companies
- 1.6. Buyers Valuation
- 1.7. Composing an offer
  - 1.7.1. Negotiation
    - 1.7.1.1. Why is the seller selling
  - 1.7.2. Deal Structure and value implications
    - 1.7.2.1. Cash as currency
    - 1.7.2.2. Stock as currency
    - 1.7.2.3. Earn out
    - 1.7.2.4. Employment agreements
    - 1.7.2.5. Asset purchase
    - 1.7.2.6. Stock purchase
- 1.8. The Letter of intent
- 1.9. Definitive purchase agreement
  - 1.9.1. Legal consideration
  - 1.9.2. Exposure, representations and warranties
- 1.10. Due diligence
- 1.11. Closing
- 1.12. Post closing activities
  - 1.12.1. Post closing considerations
  - 1.12.2. Planning
  - 1.12.3. First 100 days
  - 1.12.4. Functional areas – considerations

