

Should You Hire an M&A Advisor to Sell Your Business?



Brent Beshore [adventur.es](#) | January 3, 2019

Selling your business is a big decision. Investor Brent Beshore, founder and CEO of [adventur.es](#), a Midwestern-based permanent equity firm, recently published a book called “[The Messy Marketplace: Selling Your Business in a World of Imperfect Buyers](#).” The book helps sellers, buyers, and advisors better navigate the messy process that is selling a small to midsize private company. We’ll be publishing a series of exclusive excerpts from the book. First up — Beshore’s answer to one common question: “Should I use an intermediary to sell my business?”

At a minimum, you must hire a competent attorney and accountant to advise you during the sale process. But, there’s a decision to be made around a general deal advisor, also known as a broker, intermediary, or investment banker. They’re all labels for the same general thing: it’s someone who spans the sale process, providing services that help you complete a transaction.

While there are broad categories, no two intermediaries are the same. Some run very strict processes akin to an open auction, while others are highly selective to whom they shop a deal. Some provide years of consulting to prepare a business for a sale, while others are only briefly involved. Some prepare all your materials, function as your deal’s back office staff, negotiate your transaction, and lead due diligence. Others merely charge a fee to make the market, bringing together buyers and sellers.

Assess what you need and who can provide it. Ultimately, someone has to do the work. There’s going to be a seemingly endless amount of data to produce and decisions to make, both of which depend on expertise. It’s naive to think that an otherwise busy leader and their staff could somehow wedge in an extra 20 to 40 hours/week of work, often for months at a time. That’s not a sales pitch for hiring an intermediary, it’s reality.

To help you self-diagnose, let’s break the work down into pieces by asking questions:

- Who will source potential buyers, vet them, sort them based on viability, field requests, and arrange for phone calls and site visits?
- Who is going to gather and organize the complete history of my firm? This includes detailed financials stretching back at least a decade, customer contracts, vendor contracts, employment agreements, legal actions (threatened or pressed), and real estate agreements.
- Who will negotiate the deal, including the business decisions for the letter of intent, the subsequent due diligence, and final paperwork? There are roughly five hundred decisions that will need to be made/negotiated during the process.
- Who is going to keep me emotionally in check during the grueling process?
- Who will be focused on the transaction and proactively pushing the deal forward on my side of the table? What happens if that person fails?
- Who will I call when I’m not sure who to call? (Other than Ghostbusters...)

If you feel comfortable with your ability to navigate these questions, an intermediary may not be necessary. But as a word of caution, if you’ve never participated in, nor completed, a transaction of this nature, you’re likely lacking a helpful knowledge base. As Mark Twain wrote: “A man who carries a cat by the tail learns something he can learn in no other way.”

The worst path is to hire an intermediary who isn’t capable of serving your needs, gums up the process, and costs a ton. You need to select an intermediary who has the firepower to get the job done, will select for the right buyer, and will gel with your resources. They should fit you and not the other way around.

Great intermediaries have a thorough understanding of each company they represent. They’ve spent time building trust and understanding. They present opportunities honestly. They’ve prepared their client to understand the challenges of selling and tempered their expectations. Most importantly, they have committed to working to find the right buyer — not the easiest one or the one that earns them the quickest and biggest commission check.

Like hiring a great employee, hiring the right intermediary should take time. Evaluate multiple candidates. Ask for references. Walk through their approach and process. Discuss their experience in your industry, geographic region, company size, and preferred target buyer type. Evaluate whether you will be comfortable working through an arduous process with them. Dine together. Ultimately, go with the group you believe has the best incentives and will get you to the best outcome.