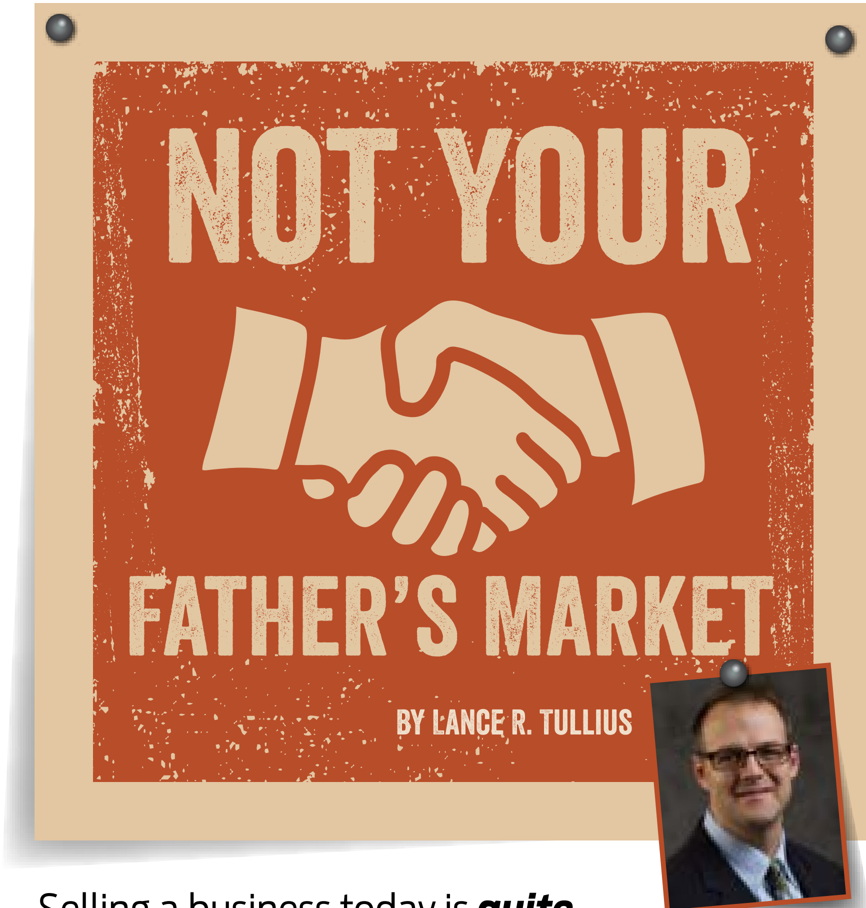

Selling a business today is ***quite different*** than what it was a generation ago.

Many, many years ago, selling a business was much like selling a home. You struck an economic agreement, the buyer did some due diligence review work to make sure that the numbers were as represented, a final agreement was signed, and then keys and cash were exchanged. The seller, who almost always was the active leader of the business, left the business very shortly thereafter, and the buyer then came in to run the business they had acquired. The hope, of course, was that the business would run well and everyone would live happily ever after and at some point in the future, the process would repeat itself.

We live in a very different world today; so much so that the sale of a business can actually feel and look like something completely contrary to what most of us think of as a sale. In fact, *most* sale transactions in today's environment look nothing like a sale. This trend, which is likely here to stay and has developed over a long period of time, has been driven by a lot of factors.

A CHANGING MARKETPLACE. As for reasons behind this shift, let's start with motive, both that of sellers and buyers of businesses. As has always been the case, the primary motive driving most business owners to sell is money. They say that everything is for sale at a price, and like it or not, with respect to most of us, that remains true. As for other factors driving business owners to explore a sale, those have shifted largely as a result of evolving and ultimately changing buyer motives.

It used to be that acquisitions were made almost always opportunistically. That being that they weren't proactively planned for, but when the opportunity presented itself to acquire a good business that was thought to enhance the strengths of the acquirer, it would be pursued. During the 1980's, however, the term mergers and acquisitions took on a more rampant significance. The term mega-merger was frequently referenced to describe deals struck between huge conglomerates that instantly changed the landscape of their respective industries. Arguably, for the first time, large public companies in particular viewed acquisitions as core to business rather than simply opportunistic means to increase shareholder value. As you can imagine, this led to a huge spike in deals. But that heightened activity took some time to make its way down to small and middle market businesses. Once it did, however, the meaning and context of selling a business would forever be changed.

Among the most pivotal factors that

changed so much of the landscape of merger and acquisition activity was the movement from acquisitions as opportunistic vehicles for enhancing company wealth to calculated and core functions of a company's existence. Ambitious executives saw more and more the dramatic impact that acquisitions could have on their businesses, accelerating and in some cases jump-starting revenue and earnings growth, and thereby lining the pockets of their shareholders, not to mention themselves, with unprecedented amounts of cash. Companies actually began to create acquisition budgets, where portions of a company's projected growth were expected to be derived from. These larger companies no longer just waited for acquisitions to be presented to them; now they went after them with abandon. And in doing so, all shapes and sizes of businesses became potential targets for acquisition. You no longer had to be big to be on the radar screen of these acquirers; you simply had to have something they wanted. Valuations of companies across the board rose, leading business owners to reevaluate their own criteria and motives for selling.

Selling a business today can no longer be perceived the way it once was, that being as a business owner literally "selling out."

As money tends to be the primary or initial motivator, rising valuations caused many business owners to rethink their exit strategies, particularly as they related to timing. These folks more than ever tended to view their businesses as assets and put more attention on the timing for maximizing their value rather than the age at which they planned to retire. Business sellers became younger and younger, in many cases, realizing that building a business could be viewed as a skill that could be replicated and thus they didn't have to feel handcuffed to just the business they had always known.

But along the way, other things happened to the M&A landscape. Companies began to greatly expand their views of what acquisitions could do for them. No longer was it strictly a function of dollars and cents. In a big way, companies began to make acquisitions for reasons such as accessing additional human capital (i.e. human resource talent at all levels of the organization), gaining entry into a new geographic market, protecting a more mature market, securing new technology or products, or the means to providing new services or existing services in different ways. The scope expanded beyond just viewing acquisitions as synergistic profit-drivers to actually making an existing business better in other less quantifiable ways. This is where the term seller really became ill-suited as a label for a business owner that in fact did sell their business.

As we entered this phase, buyers continued to go after their targets with as much assertiveness and aggression as ever before. When they confronted that business owner who said, "I like this business and am not ready to retire from it or leave it", the buyer retorted with something like, "That's great news because we want you and your people as much or more than anything you have to offer." Now business owners had the ability to maximize economic value *and* continue to be involved with their business, with in many cases, high levels of operating autonomy. Whereas before, not only did they have to agonize over what they would do if they no longer owned their business, but also what would happen to their employees, now those employees were actually regarded in very high value by the acquirer such that the same business owner could now view a transaction as providing enhanced opportunities for their employees and managers.

CONCLUSION. All this is not to say that acquisitions are a bed of roses. We all know that's not the case. They're complex, comprehensive and can easily go sideways. What it does point to though is the manner in which these new viewpoints and motives have created an entirely new set of factors for business owners to consider when thinking about selling their business. Selling a business today can no longer be perceived the way it once was, that being as a business owner literally "selling out." The only thing that can be certain when someone sells their business today is that they no longer own the business. All other stereotypes should be tossed aside. For in fact, while the business owner that sold is no longer the owner, they very well may still be operating the company as before, managing the same people as before, and doing it under the same brand name and in the same way as done before. Remember, it's not your father's market anymore. **PCT**

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