

Strategic Buyers Will Pay More for Your Business

The team at Strategic Exit Advisors has one goal – helping entrepreneurs sell their businesses. However, we do not advise they sell to just any interested buyer. We focus on finding strategic buyers who understand the value proposition of our client's company. Because when strategic buyers see the value in the seller's business, they will pay higher prices.

A key part of our process is creating a market of interested, strategic buyers who will compete to:

1. Pay a high price multiple;
2. Agree to terms that fit the entrepreneur's transaction goals; and
3. Provide a great future and opportunities for employees aligned with our client's culture and legacy.

Entrepreneurs want to know that we will find the "right" buyers in the sale process. And sometimes, our clients are surprised to hear that direct competitors can make the worst buyers. Why? Because they are typically buying only market share and seldom want to pay for what makes our client's business different or unique. Also, the seller may or should be concerned when sharing confidential information with direct competitors.

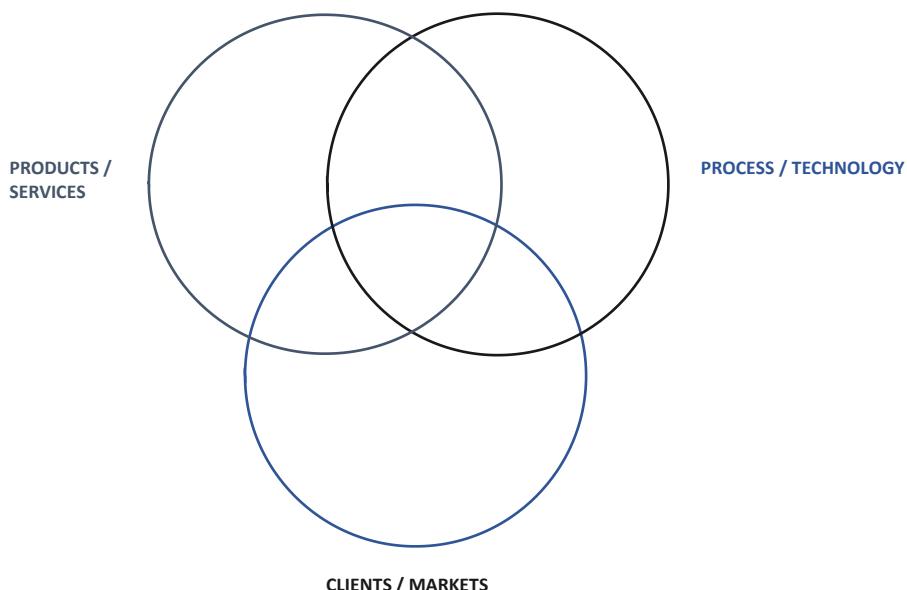
So, how do we find buyers who recognize our clients' strategic value?

At SEA, we use our proprietary and custom-built process to identify strategic buyers for each client. The process starts with mapping companies that are similar to our clients in one or more of three dimensions:

1. Products/Services
2. Clients/Markets
3. Technology/Systems



As shown in the Venn diagram below:



Next, we use another Venn diagram to describe which aspects of our client's business are most interesting and valuable to other companies. These diagrams match our client's value proposition with prospective strategic buyers. By identifying prospects in the overlapping circles, we identify the highest valued opportunities for our clients.

Then, our team does a lot of thoughtful and old-fashioned digging through our comprehensive contact lists of corporate and financial buyers and our databases of deals and buyers. The result is a targeted yet expansive universe of prospective, strategic buyers. This is an iterative process in which we work closely with our clients.

In our next article, we will share an example of how we use our process to find strategic buyers. Until then, please call us if you have any questions or want more information about how we can help you sell your business.





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