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THE M&A SELL-SIDE PROCESS EXPLAINED

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Introduction

As a business owner, arriving at the determination that it's time to sell the business is an incredible milestone for the shareholders, its management team, employees, and brand. The process of selling a business is extremely complex and can be very time-consuming for the management team. In many cases, depending on the seller's timeline, the management team may seek the help of advisors to facilitate the sale of the company. By bringing in experts to help facilitate the transaction you are helping ensure that all of the shareholders objectives can be met. In today's M&A market, well-performing businesses are in high demand as the availability of capital has set new records and the continued importance to drive top and bottom-line growth remains a key objective amongst investors. Considering this activity, it is critical for any business considering a sale to be well prepared and to understand what to expect throughout the process.

When is the preferred time to engage in a sell-side process? This is arguably one of the most crucial questions a management team encounters and can be one of the most complex to answer. Oftentimes, the decision to sell a business has been well thought out by its owners only after addressing characteristics crucial to its operations. Factors to consider include company specific variables, the macroeconomic environment, and the shareholders' objectives of a sale.

Because the sell-side process can be so intricate, selecting a suitable investment banker is vital in alleviating the inevitable disruptions that can occur during the process. The investment bank will staff the transaction with trained professionals who have significant experience advising businesses on the sell-side, buy-side, and capital raise transactions. Hiring an investment banking advisor helps ensure that all the owner's objectives are achieved and allows management to continue operating the business in its standard course. In most cases, the investment bank will provide its client with an upfront comprehensive financial analysis/business valuation, an overview of current market dynamics, precedent transaction comparables, and strategic alternatives prior to marketing the business. This provides the sellers with an expectation of how the market may perceive the business.

At Charter Capital Partners, it is our mission is to provide our clients with comprehensive investment banking advisory solutions. In this whitepaper, travel with us as we take a deep dive into the intricacies of the sell-side M&A process. We will provide you with a straightforward explanation of the sell-side process, an overview of the technical vocabulary used, and discuss ways to mitigate risk. Our goal is that this whitepaper helps to reduce any uncertainty around the M&A process and to provide you with a framework as you embark on your own M&A journey.

Phase #1: Market Preparation (Months 1-2)

Starting and scaling a business is a difficult job. However, exiting the business can be even more challenging. Engaging the right investment bank can help streamline many of the difficulties brought on during the sell-side process. Following the shareholders' decision to engage an investment banking advisor, a detailed process plan is developed in connection with management that expressly outlines the transaction timeline. **Exhibit 1.1** on the next page outlines a standard sell-side process timeline and each phase's objective. Accordingly, it's the sell-side advisor's goal to deliver its client speed and certainty of close, maximum value for the business, and other transaction specific considerations the seller outlines. Understanding the seller's objectives is crucial and allows the advisor to develop a custom, tailored process for its client.

Sell-Side Advisor Preliminary Due Diligence

To develop a custom process for the shareholders, the deal team and client schedule and execute a kickoff meeting to discuss and prioritize shareholder objectives and craft an appropriate sale process. The kick-off meeting is an all-day business discussion which enables the advisors to understand the business operations on a very detailed level.

This is a Q&A style meeting which allows for the deal team to ask questions ranging from general operations to financial and legal in an attempt to cover all its bases, with questions such as what is the company's unique value proposition? Who are the key customers? Key vendors?

Much of this information and the subsequent supporting data requests that are discussed will be utilized to develop robust marketing materials for the business including the teaser, confidential information memorandum (CIM), and management presentation (MP). The data provided from the client during this phase is also compiled, reviewed, and filed away into an online-secure, virtual data room (VDR) which will be made available to interested buyers later in the process. This preliminary due diligence phase is an opportunity for the deal team to determine the best way to approach the marketplace by selecting either a targeted or broad marketing strategy.

Exhibit 1.1: M&A Process Timeline

	1. Market Preparation	2. Initial Buyer Marketing	3. Management Presentations	4. Due Diligence and Closing
Important Deal Tasks	• Coordinate quality of earnings (QoE) report • Develop limited buyers list and teaser • **Complete teaser and confidential information memorandum (CIM)**	• Hold diligence calls with buyers • Prepare management presentation • Organize secure online data room • Receive and evaluate initial bids (indications of interest) • Coordinate management presentations	• Facilitate buyer diligence and data room access • Respond to diligence inquiries with buyers • **Select top buyer groups to attend management presentations** • **Prepare management team for buyer presentations**	• Receive and evaluate letters of intent • Negotiate with lead parties • Facilitate confirmatory due diligence • Prepare definitive agreement • Finalize documentation • CLOSE TRANSACTION
Timeline	Month 1-2	Month 2-3	Month 3-4	Months 5-7
Key Milestones	Begin outreach to potential buyers	Receive IOIs and select top buyers for next steps	Sign LOI with one buyer	

Dark Blue = High Management Involvement

Marketing Process Strategies

The process of selling a business is similar to a general auction. However, in the M&A industry a sell-side auction is brokered by an investment bank who guides the buyer or bidder through a staged process, providing them information throughout. The investment banking deal team identifies multiple prospective buyers who are interested in acquiring businesses operating in a certain industry. Auctions provide shareholders comfort that the broader market has been cleared and helps establish a market value for the business. This type of strategy helps ensure that all buyers interested in the acquisition put their best foot forward in terms of price and structure and ensures the speed and certainty to close.

A well curated auction is designed to be beneficial for both the sellers and acquiror, which requires both parties to devote significant time and resources. The deal team will prepare detailed marketing materials, identify any blemishes on the business, prepare management for Q&A and management meetings, and develop a list of potential buyers to which the business should be marketed. Once the process has commenced, the deal team is responsible for the day-to-day execution of the transaction. It is the deal team's responsibility to alleviate as much burden from management as possible during the process so they can focus on running the business.

There are two primary types of marketing strategies investment banks utilize, a targeted auction and a broad auction.

- **Targeted Marketing Process Strategy:** Also known as fireside chats, this process brings only the most qualified buyers to the table, targeting a select number of highly active, interested buyers with extensive industry knowledge.
- **Broad Marketing Process Strategy:** Broad go to market strategies are the most common type of sell-side process, targeting a wider number of buyers with industry experience to ensure a market-clearing effort, generally deriving the highest possible enterprise valuation driven by market competition.

A comparison of the key considerations for each strategy are provided in **Exhibit 1.2**.

Both strategies offer sellers the ability to customize their process based on their objectives. For example, if maximizing value is priority number one, then a broader, more competitive strategy should be utilized. On the contrary, if the number one priority is a quick and efficient process, then a more targeted strategy can be utilized. Each strategy brings unique benefits to the shareholders and which route to choose depends on the seller's objectives.

Exhibit 1.2: Key Process Considerations

Key Process Considerations	Targeted Marketing Process Strategy	Broad Marketing Process Strategy
Number of Potential Buyers	5-50	50-200
Management Presentations	2-3	3-5
Timeline	<5 months	5-7 months
Confidentiality	+ Higher likelihood of preserving confidentiality	- Limited confidentiality
Business Disruption	+ Expedited timeline to close for limited business disruption	- Time consuming and disruptive to the organization
Negotiating Leverage	- Reduced competition means less negotiating leverage	+ Strong negotiating leverage
Transaction Proceeds	- Increased potential to "leave money on the table"	+ A market-clearing effort maximizes purchase price
Certainty to Close	- Less certainty of close with fewer potential buyers	+ Higher probability to close - Unsuccessful transaction creates perception of undesirable asset
Partnership	+ Increased focus on a true partnership	+ Less focus on partnership and higher focus on proceeds

Develop Buyer Universe

The development of a robust buyer universe is a key part of the sell-side process and can be the difference between a successful and unsuccessful transaction. The deal team has the experience, knowledge, and relationships with prospective buyers, ensuring they bring the most qualified and reputable buyers through the process. The deal team will develop, vet, and effectively market the business to the selected buyer universe. Buyer universes are developed by leveraging several tools employed by the investment bank, including S&P CapIQ, Pitchbook, Bloomberg, and FactSet, each of which provide profiles and a myriad of characteristics on each type of buyer/company. Key data points the deal team reviews and analyzes when vetting buyers include the prospective buyer's investment criteria, industry focus/expertise, fund size, fund lifecycle, portfolio track record, and market reputation. In many cases investment banks are in communication with prospective buyers daily across other deals in their organization.

A strong buyers list will contain three types of buyers: strategic, strategic financial, and financial.

- **Strategic Buyers:** Businesses that are operationally similar to the selling company and are looking to create a synergy within their existing businesses.
- **Strategic Financial Buyers:** Private equity firms that are currently invested in or have previously invested in businesses similar to the selling company.
- **Financial Buyers:** Private equity firms that are interested in investing in businesses of similar size and industry to the selling company.

Each type of buyer brings a unique value proposition to the shareholders. For example, strategic buyers can generally offer shareholders the highest price due to operational synergies, but often move much slower than their counterparts. Financial buyers tend to offer shareholders the fastest timeline to close and immediate access to growth capital to fund growth strategies. Nonetheless, the prevailing factor amongst winning buyers is generally not the one with the highest purchase price, but rather the one who aligns most with the seller's values and business culture.

Develop Marketing Materials

The development of marketing materials is an imperative part of the sell-side process, as all of the preliminary due diligence, discussions with management, and the analysis of data is brought to life in story form. Marketing materials serve as a spark to ignite buyer interest in the business and in generating a favorable first impression. It is the deal team's responsibility to develop materials that accurately portray the business and position its investment highlights. There are two key documents the investment bank is responsible for creating, the teaser and the confidential information memorandum or CIM. The deal team takes the lead in developing these materials but approaches this phase as a collaborative process with management and other advisors involved, such as accountants or legal counsel.

Teaser

The teaser is the first formal document presented to prospective buyers in the sell-side process. A teaser is a one-to-two-page confidential or blinded document designed to provide buyers an overview of the business, its investment highlights, and historical/projected financial performance. The teaser informs buyers that the business has engaged an investment banking firm to run a formal, sell-side process. **Exhibit 1.3** provides an example teaser that might be shared with prospective buyers.

Exhibit 1.3: Example Teaser

Acquisition Opportunity

Project Name

Description of the company, industry, and market

Company Overview

- Bullet points and images detailing the company, its clients, history, growth opportunities, industry demand, plans for the ownership/management team post-transaction, and other information that may be relevant to potential buyers.
- Bullet points and images detailing the company, its clients, history, growth opportunities, industry demand, plans for the ownership/management team post-transaction, and other information that may be relevant to potential buyers.
- Bullet points and images detailing the company, its clients, history, growth opportunities, industry demand, plans for the ownership/management team post-transaction, and other information that may be relevant to potential buyers.
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Select Investment Highlights

Strong Value Proposition: Description of the value proposition.

Niche Leader in Industry: Overview of company's industry position.

Identified and Actionable Growth: Opportunities to increase the value of the company.

Dedicated, Experienced Management Team: Plans for management team post-transaction.

Financial Summary *($ in millions)*

All communications, inquiries, and requests should be addressed to the deal team members listed:

Deal Team Member Name	**Deal Team Member Name**	**Deal Team Member Name**
Title	**Title**	**Title**
email address	email address	email address
phone	phone	phone

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Confidential Information Memorandum

The CIM serves as the primary marketing document in the sell-side process. This document is extensive and can often-times be 50+ pages, providing prospective buyers with immense detail on all aspects of the business. The outline below is an example of the types of sections that may be included in a CIM.

- Section 1: Executive Summary
- Section 2: Company Overview
- Section 3: Products and Services
- Section 4: Industry Overview
- Section 5: Growth Opportunities
- Section 6: Financial Overview
- Section 7: Key Investment Considerations

The CIM, like the teaser, can be formatted in a number of ways and include various sections depending on the type of business and information selected to be provided. In most cases, the CIM will contain an executive summary, transaction overview, products and services, customers and suppliers, operations, facilities, management team, customer case studies, competitors, growth strategies including acquisition candidates, and historical and projected financial performance. The financial section is a key piece of the CIM and is designed to provide buyers with a framework to develop a detailed valuation when formulating an acquisition bid. The deal team, in collaboration with the shareholders, spends significant time and resources developing a thorough report ensuring all aspects of the business are highlighted. This document goes through many iterations before its final version, which must be approved by shareholders, the company's legal team, and regulators prior to distribution to buyers.

Confidentiality Agreement

The confidentiality agreement (CA) is a mutual, legally binding agreement between the business and prospective buyer which protects both sides when sharing confidential information. The shareholders' legal counsel takes the lead on drafting a CA. This document is generally off the shelf ready. The CA, which is distributed alongside the teaser to buyers, must be executed prior to receiving the CIM. In many cases, the recipient will have comments resulting in some back and forth redlines prior to execution.

Phase #2: Initial Buyer Marketing (Months 2-3)

Following the completion of all pre-marketing materials the business is ready to enter the marketplace. The deal team is responsible for bringing as many buyers through the sell-side process as possible while ensuring all parties move through at a similar pace.

Contact Buyers and Distribute CIMs

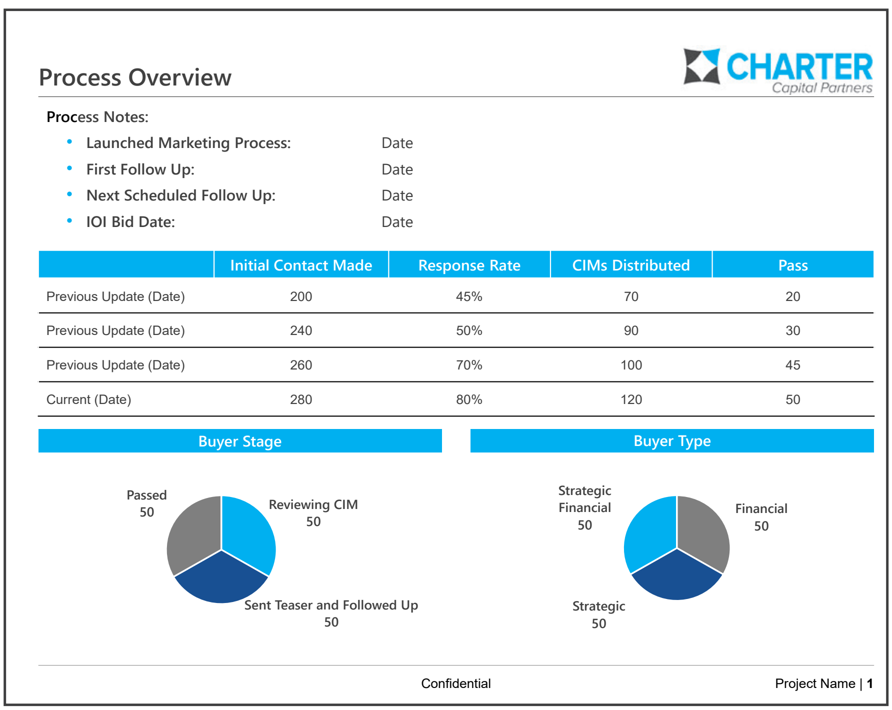
The first outreach begins with the deal team contacting prospective buyers by distributing a mass email distribution containing the CA, teaser, and summary of the opportunity in the body of the email. This marks the formal launch of the process and is referred to as being "in-market." Upon the buyer's receipt of the email, assuming there is interest, the buyer will return an executed copy of the CA to receive the CIM. In the event some buyers don't respond, a senior member of the deal team will follow up with a phone call to discuss the opportunity. This process takes several weeks to complete as buyers move through internal cadences. Many times, after revewing the CIM, interested buyers will request a call with the deal team to gain a better understanding of the business. This is an opportunity for buyers to separate themselves from others in the process and address questions to aid in their analysis and understanding of the transaction dynamics. Depending on the competitiveness of the process the deal team may elect to provide buyers with high-level valuation guidance in an effort to vet out inadequate buyers.

Throughout the process, junior deal team members keep detailed records of all buyer interactions, including emails and calls, which buyers have responded, and which buyers have passed. During this phase of the process, the deal team has a standing call with the shareholders to provide an update on the status of each buyer. **Exhibit 2.1** is an example of a process update which is shared with the shareholders.

Indication of Interest Process Letter

Prospective buyers are given several weeks to review the CIM and schedule calls with the deal team prior to submitting their initial non-binding bid. During that time, the deal team, in connection with the shareholders legal counsel develop a non-binding indication of interest (IOI) process letter. This document is distributed to all prospective buyers shortly after the CIM and provides buyers with details regarding the level of information the deal team will be looking for to appropriately analyze bids.

Exhibit 2.1: Sell-Side Process Update


Process Overview

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Process Notes:

- Launched Marketing Process: Date
- First Follow Up: Date
- Next Scheduled Follow Up: Date
- IOI Bid Date: Date

	Initial Contact Made	Response Rate	CIMs Distributed	Pass
Previous Update (Date)	200	45%	70	20
Previous Update (Date)	240	50%	90	30
Previous Update (Date)	260	70%	100	45
Current (Date)	280	80%	120	50

Buyer Stage

Passed 50

Reviewing CIM 50

Sent Teaser and Followed Up 50

Buyer Type

Strategic Financial 50

Financial 50

Strategic 50

Confidential

Project Name | 1

IOI process letters generally include the following items.

- **Due Date:** Date and time at which the IOI is due.
- **Purchase Price:** Preliminary total enterprise value for the business on a cash-free, debt-free basis presented as a range (minimum and maximum valuation).
- **Assumptions:** All material assumptions utilized to arrive at the total enterprise value.
- **Financing:** Identity of the buying entity, the sources from which buyer would finance the transaction, and any existing financial and capitalization information for the buying entity.
- **Strategic Synergies:** A description of the strategic fit, if any, between the buyer and the selling company.
- **Required Approval:** A brief discussion of the level of review the IOI will receive within the company and any approvals required for buyer to close the transaction.
- **Due Diligence Request List:** A request list of any additional information the buyer will require in order to submit a formal LOI.
- **Timeline:** A proposed timeline for completing the transaction.
- **Post-Transaction Strategy:** A description of the buyer's plans for the post-transaction operating structure of the business, including plans for the management team and other employees of the business.

The IOI bids are compiled and analyzed by the deal team, taking into consideration several characteristics including total enterprise value, structure, timeline to close, and any strategic synergies an acquirer may have. **Exhibit 2.2** provides a glimpse at an IOI valuation analysis used to compare initial offers. Total enterprise value is not the sole driver in vetting potential buyers. Rather, the deal team will take into consideration the buyer's work on the deal to date. Once all the IOIs have been received, the deal team schedules follow-up calls with a select number of the top bidders to understand the depth, detail, and validity of the IOI submitted. After all calls are complete and information compiled on each offer, the deal team prepares a brief presentation for the shareholders outlining and recommending which buyers to invite to the second round, to meet the management team and see the facilities.

Exhibit 2.2: IOI Comparison Analysis

		Bid ($M)			Enterprise Value in $M										
#	Buyer	Low	Single	High	$15	$20	$25	$30	$35	$40	$45	$50	$55	$60	$65
1.	Buyer #1	$50.0	-	$60.0											
2.	Buyer #2	$45.0	-	$55.0											
3.	Buyer #3	$40.0	-	$50.0											
4.	Buyer #4	$35.0		$45.0											
5.	Buyer #5	$30.0	-	$35.0											
6.	Buyer #6	$30.0	-	$35.0											
7.	Buyer #7	$30.0	-	$35.0											
8.	Buyer #8	$20.0	-	$25.0											
9.	Buyer #9	$10.0	-	$20.0											
10.	Buyer #10	$10.0	-	$15.0											
	Valuation Enterprise Value in $M				$15	$20	$25	$30	$35	$40	$45	$50	$55	$60	$65
	EBITDA Multiple 2021A				5.00x	5.25x	5.50x	5.75x	6.00x	6.25x	6.50x	6.75x	7.00x	7.25x	7.50x

IOI Range

Phase #3: Management Presentations (Months 3-4)

Phase #3 of the sell-side process is a critical junction, with a number of interested buyers continuing to analyze the business in an effort to submit a strong final bid by the LOI due date. Depending on the type of buyer, whether it's a strategic or financial buyer, each may have a certain level of understanding with the business and will require differing levels of due diligence to vet the business.

This stage of the process is time consuming and can take several weeks to complete depending on the depth of the due diligence conducted and the locations of the management presentation and facility tours. The deal team continues to play a central role in the process as they spearhead much of the information flow, coordinate management presentations, schedule facility visits, and finalize the build-out of the virtual data room.

The attractiveness of the business will determine how many IOIs are received and how many buyers can be brought through to meet the shareholders. If a buyer is selected to move forward in the process, they are afforded a significant amount of time with the shareholders and management team. Making this connection between management teams is an essential part of the sell-side process. While groups move through this phase at similar paces, buyers behind the scenes are continuing to review new information in the VDR and continue to conduct additional financial and industry due diligence. In some cases, the buyer may reach out to their network to further vet the industry and business. The number of buyers brought through to meet the shareholders varies in every process but it is generally expected that the shareholders can meet 5-10 buyers. Inviting more than one group to meet the shareholders allows the deal team to maintain a competitive environment and keep the process moving at an efficient pace in correlation with the initial transaction timeline.

Management Presentations/Facility Tours

Management presentaions mark the formal start of the second round in the sell-side process. The format of management presentations can vary, but generally include a day-long business session for the sellers and buyers. Key attendees at the management presentation include the seller's CEO, CFO, COO, and key division heads. In most cases, management presentations are kicked off with a less formal dinner the night before the meeting takes place, which allows both sides to meet on a personal level prior to discussing business the next morning. The day-long presentation is a more formal discussion guided by a deck that includes many of the same sections that are included in the CIM but annotated by management, outlining the founding and history of the business, its unique value proposition, an overview of key team members, its operations, detailed financials, and growth strategy. The most productive management meetings are interactive and conversational in nature with Q&A throughout, versus a pure presentation by the selling management team. However, it is important that the management team is in alignment with who speaks to which slides, indicating to the buyer that the team is organized, professional, and detail oriented.

Facility tours are a key component of the prospective buyer's preliminary due diligence, which provide a first-hand view into the company's operations. The tour can occur at any stage of the management presentation process in an effort to retain confidentiality and continuity with its employees. A typical facility tour involves a guided tour by one of the key managers involved in the process who walks the prospective buyer through its offices, warehouse, manufacturing plants, and distribution centers. Similar to the management presentation, the facility tours are meant to be interactive, enabling both the seller and buyer to ask questions about and compare to one another's operations.

Virtual Data Room Access

As buyers move through management presentations they are concurrently granted virtual data room (VDR) access. A virtual data room is an online, secure file structure that contains all the company's data. A typical VDR file will be structured in categories similar to the CIM outline, including key folders such as corporate documents, financial, operations, human resources, insurance (health/business), real estate/environmental, and legal. Companies such as Merrill DataSite, Intralinks, and Firmex specialize in sell-side/buy-side VDRs. Each of these sites allow the deal team to customize site settings to specify which buyers have downloading capabilities, to redact sensitive information if a strategic buyer is involved, and even to analyze which files have been accessed most. Costs associated with each VDR provider vary depending on the size of the deal and sophistication of the business information available.

Buyers who are serious about acquiring the business will dedicate significant resources to perform a thorough review of the information available in the VDR. In almost all instances, buyers will engage third-party accounting firms, attorneys, and consultants to review company data to understand potential synergies, opportunities, and most importantly any risks that are involved in the transaction. While third party consultants review the information there may be several Q&A sessions back and forth as the buyer and consultants digest the data. The deal team must be very diligent at this point in the process, as they work to provide buyers with timely responses to their questions and continue moving others through management presentations. The goal is to ensure that all groups have a sufficient amount of time to analyze as they head into the final phase of the sell-side process.

Letter of Intent Process Letter

Distributing the letter of intent (LOI) process letter marks the second round of bidding for buyers still involved in the process. This can be viewed as a second opportunity for buyers to truly put their best foot forward. The LOI process letter is similar in structure to the IOI process letter and provides buyers an outline of what is expected to be included in their final offer. The LOI process letter is much more stringent compared to the IOI document and should be followed closely by buyers. LOIs submitted by the buyers are reviewed in grave detail in connection with legal and generally include the following:

- **Due Date:** Date and time at which the LOI is due.
- **Consideration:** Exact total enterprise value for the business, on a debt-free and cash-free basis, which should include all material assumptions upon which the valuation is based.
- **Working Capital:** Confirmation of the target amount of working capital for the business.
- **Sources and Uses of Capital:** Identification of the buying entity and the sources from which the buyer would finance the transaction.
- **Due Diligence:** Identification of each of the buyer’s due diligence work streams and to what degree each of those work streams have been completed and which streams will be a priority to close.
- **Timing and Certainty to Close:** Timing and certainty to close are both critical factors in evaluating offers.
- **Management:** An overview of the buyer’s plans for the post-transaction operations of the business, including plans for the management team and other key employees, specifying the following items in detail:
  - **Compensation and Benefits Plan:** Salary, bonus, and/or benefits plans for management.
  - **Employment Arrangements:** Detail around which members of the company’s management team, if any, would be required to enter into employment agreements.
  - **Management Incentive Programs:** Details regarding management bonus, phantom equity, deferred compensation, and/or equity incentive programs and timing of when such plan details will be determined.

Receive Final Letters of Intent

Receiving LOIs is a milestone for both the sellers and investment banking deal team. These LOIs signify that the business has tangible value in the marketplace. The LOIs submitted by buyers are expected to be in near final form with the exception of confirmatory due diligence and the securing of any financing needed to fund the transaction. The deal team will work with the buyers to finalize their bids and provide any additional information needed to firm up the offer.

Phase #4: Due Diligence and Closing (Months 4-7)

Evaluate Final Bids and Select Final Buyer

Following the receipt of LOIs from all interested buyers, the deal team, along with the seller's legal counsel, will perform a detailed review of each letter to analyze the purchase price, deal structure, and the likelihood of a successful closed transaction. These LOIs are compared to the buyer's initial IOI bid, assuming they submitted, to determine and evaluate any changes between the two letters.

The number of LOIs a process receives varies greatly by the market's reception of the business. In most cases the deal team would advise the seller to negotiate two or more LOIs depending on how many are received. These are very delicate negotiations that take place between senior members of the deal team and senior members from the buying team. Negotiating tactics vary but are always founded based on the seller's objectives for the transaction. Negotiation factors typically include purchase price, transaction structure, and timeline to completion. Ultimately, having two buyers negotiating their LOIs increases competition. The goal here is to have one of the two buyers differentiate themselves from the other, most often times through an increase in overall purchase price.

After negotiations take place, the deal team, along with the seller's legal counsel, recommend a final buyer to the seller. Once the seller and buyer execute the LOI, they retain exclusivity for an agreed upon period of time, which is generally in the neighborhood of 30-90 days. During this period the buyer works to finalize remaining open due diligence streams, obtain the necessary financing for the transaction, and turn a copy of the definitive purchase agreement. Negotiating and executing the purchase agreement is the final step in the sell-side process.

Closing Day

A simultaneous sign and close is the goal of any successful transaction and although it seems routine there are a number of moving parts that need to be checked and finalized. It is essential that the seller has a strong attorney with significant M&A experience as they spearhead much of the process on the back end, such as the definitive purchase agreement negotiations. Organization is a key driver in getting to a simultaneous sign and close, but to do so, legal counsel must have the following items completed:

- Final purchase agreement and supporting schedules
- Final employment agreements (if required)
- Final lease agreements (if required)
- Ensure seller consents to all the documents
- Compilation of all signature pages
- Confirmation of all wiring account information

After receiving all the necessary consents and signature pages of the selling party and buying party, the legal teams will schedule an all hands call to release the signature pages upon confirmation of satisfactory due diligence. Participants include both legal teams, the sellers, buyers, and investment bankers. Upon receipt of the signature pages the buyer will contact the bank and release the wires. Confirmation of the wires hitting individual and advisors accounts signifies the close of the transaction!

Conclusion

As a seller, navigating the sell-side process can be a strenuous endeavor. Often the most difficult part is taking the first step. Surrounding yourself with a diverse and experienced team of expert advisors will ensure a process that is executed with the utmost integrity and professionalism. The end result is a transaction that fulfills the goals and expectations of all parties involved.

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About Charter

Founded in 1989, Charter Capital Partners is a premier investment banking firm headquartered in Grand Rapids, Michigan. We offer a comprehensive range of investment banking advisory services, including buy-side and sell-side M&A, succession planning, business valuation and capital raise.

Charter was named one of the top 100 most referred middle-market advisory firms in the US, according to a survey of 1,000 private equity firms, strategic acquirers, and family offices compiled by Axial, a network of middle market investors, advisors, and CEOs. Our mission is to deliver superior professional guidance throughout the complete business lifecycle.

About the Author

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Justin is an Associate in the investment banking practice at Charter Capital Partners. He joined the firm in 2016 as an intern and has since transitioned to his current position. As an Associate, Justin is responsible for managing and executing M&A client engagements and assists in leading Charter's AIDC practice.

Justin's investment banking experience includes advising clients in merger and acquisition advisory, private capital raising, and strategic consulting for family-owned businesses across a variety of industries including AIDC, industrial services, and healthcare. He has advised businesses ranging in size from $10 million to $100 million in enterprise value.

A native of Michigan, Justin received his BA in Business with a minor in Organization Leadership from Hope College in 2018. Justin is an active member in the community and is currently a member of ACG Western Michigan and the Van Andel Institute JBoard.

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