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PERSPECTIVES

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7 GOOD REASONS TO HIRE AN M&A ADVISOR WHEN SELLING YOUR BUSINESS

After years of building their business, owners looking to sell are faced with a dilemma: attempt the process without outside help or hire a mergers and acquisitions (M&A) advisor?

The question is particularly relevant given that the cost of using such a service can be significant. However, in the vast majority of cases, the added value provided by an advisor more than outweighs the fees involved.

Find out how the expertise of an M&A professional can help maximize the value of a transaction.

1. Experience: an insurance policy to avoid pitfalls

A senior advisor who steers your transaction from start to finish draws on years of experience to ensure that the process runs smoothly and efficiently. Having been involved in numerous deals, they can determine, for example, whether the terms proposed are reasonable or need adjustment. The experienced advisor's toolbox is well stocked with a wide range of creative solutions to manage the challenges that may come up in structuring the transaction.

For example, some solutions can bridge the gap between the offered price and the asking price, if all other aspects of the deal satisfy both parties. One option is an earn-out formula, which is a price component based on performance indicators after closing.

Another common challenge is defining the company's normalized operating cash flow (normalized EBITDA), which is often used to agree on the proposed price. Since there is no universally recognized definition—and since the definition may differ between the buyer and seller—it is important that the definition be aligned with that of the buyers approached prior to soliciting offers.

2. Optimal alignment of interests

Unlike other professionals who charge by the hour, M&A advisors mainly receive success fees, which are paid only when a transaction is approved by the client and completed. They also usually receive a small base fee, known as a "working fee," representing a fraction of the time they will devote to your transaction. This compensation structure serves two purposes: not only does it ensure that the M&A advisor is effectively and diligently invested in completing your transaction, but it also means that the advisor has no incentive to present an unrealistic valuation or equally unrealistic terms. This means that the advisor's interests are strongly aligned with yours.

3. Market research to discover real value

The sales process put in place by an M&A advisor naturally focuses on obtaining the highest price and the most favourable terms. However, much of the work takes place upstream, since the first step involves determining the actual value of the company (price discovery).

Reaching out to a wide range of potential strategic and financial buyers ensures that expressions of interest are received with a variety of prices and terms, which helps build a picture of what the sale might look like. As the seller moves forward in the process, they know that "the market has spoken," revealing a range of prices that buyers are willing to pay at that specific moment.

This stage of value discovery raises a crucial question for Quebec entrepreneurs: the scope of the outreach strategy. Our entrepreneurial ecosystem is influenced by a particular phenomenon: many owners limit themselves to local buyers for fear of losing the company culture they have built. This reality often results in an incomplete outreach process.

By targeting only local players, sellers expose themselves to several risks: reduced valuation due to a limited pool of buyers, insufficient competition to drive up bids, and missed opportunities with strategic buyers offering unique synergies. National and international buyers often bring considerable advantages: access to new markets, complementary technologies, and cutting-edge sector expertise—all of which can justify a significant premium that local buyers often cannot offer.

4. Ensuring structure and fairness for a rigorous process

The M&A advisor serves as conductor of the sales process. Their presence reassures buyers: they know that the process will be structured and efficient, and that all potential buyers will be treated fairly.

In addition, the presence of a number of interested buyers creates a competitive environment, which the seller and the advisor can use strategically to negotiate an exclusivity agreement.

5. Protecting confidentiality throughout the process

If you are thinking about selling your business, confidentiality may be one of your main concerns. And rightly so, because the risks are very real: your sales manager could resign due to fear of the unknown, your best customers could start looking elsewhere in the face of uncertainty, your relationships with key suppliers could deteriorate, and your competitors could steal your talent with promises of stability.

The question, then, is how to balance a high level of confidentiality with the need to solicit players in your ecosystem, knowing that the best buyers are often the companies most familiar with their targets. This is where the tools and quality of an M&A advisor's process make all the difference: gradual and controlled dissemination of information, rigorous confidentiality agreements, an optimized approach toward potential buyers, and a communication strategy for all parties at every stage of the process.

Perfect confidentiality does not exist, but a thoughtfully designed outreach strategy allows you to manage this risk while maximizing the value of your transaction.

6. Anticipating issues early on

Since the advisor also acts as a messenger, buyers often feel more comfortable asking them sensitive questions that they would be reluctant to raise directly with the seller. For example, the buyer may want to discuss issues concerning the retention of key personnel or changes they would like to make to the management team.

If the transaction succeeds, the parties will need to establish a constructive business relationship. The advisor can thus more quickly identify the key concerns of potential buyers and address them with the seller before they become a more significant issue.

7. Maintaining momentum

The M&A advisor is fully dedicated to seeing the transaction succeed. To achieve this, they support the seller's management team by performing a number of tasks that are essential to the smooth progress of the transaction. These include preparing and holding meetings, maintaining and updating due diligence documents with your other advisors (accountants, legal counsel, etc.), and providing support during negotiations.

It is important that the process moves forward in a structured manner, respecting the time and resources invested by potential buyers, while ensuring their continued attention.

Thus, the M&A advisor is much more than a simple intermediary: they seek to structure the process, anticipate potential obstacles, and maximize the value obtained. For most owners, the sale of their business is the first transaction of its kind and the most important of their lives. As is the case at other key moments in the entrepreneurial journey, this is precisely when external expertise makes all the difference.

At Keira, the expertise we have developed over the years, combined with our international network through CDI Global, allows us to support our clients with discipline and discretion. We believe that Quebec businesses deserve to be valued based on their full potential. This requires a comprehensive, diversified, and rigorous outreach approach, while protecting what matters most to you.



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