# WHAT TO LOOK FOR IN AN ACQUISITION COMPANY

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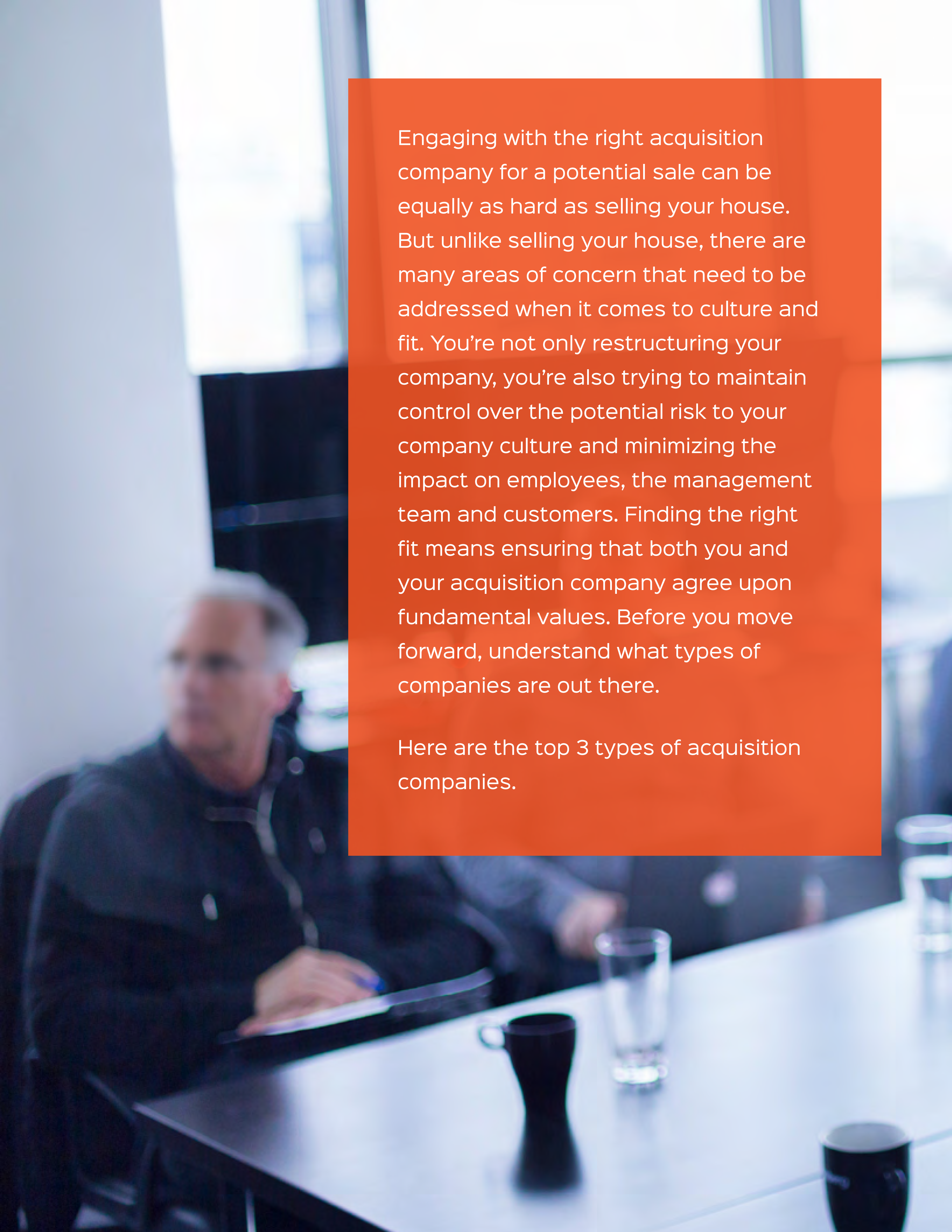

Engaging with the right acquisition company for a potential sale can be equally as hard as selling your house. But unlike selling your house, there are many areas of concern that need to be addressed when it comes to culture and fit. You're not only restructuring your company, you're also trying to maintain control over the potential risk to your company culture and minimizing the impact on employees, the management team and customers. Finding the right fit means ensuring that both you and your acquisition company agree upon fundamental values. Before you move forward, understand what types of companies are out there.

Here are the top 3 types of acquisition companies.

# Private Equity Firms

Private equity firms bring cash to the table. They have a great deal of experience and are well funded. This can result in a fairly quick transaction and smooth process. However, you need to ask a prospective buyer some questions. Principally, you need to know if they going to hold onto your company for the long-run, or are they more interested in making profit from a quick re-sale?

If your goal is to move swiftly with only short-term concerns about financing, then this may be the type of acquirer you're after. If you're looking to grow your company with security and confidence then perhaps you need to seek elsewhere.

# Strategic Acquirers

Acquiring companies can be a corporation who's mainly interested in diversifying its product portfolio or expand its existing product line. They may not have enough experience in your unique industry to be able to offer you long-term growth and stability. They may be seeking only a piece of what you offer and are not interested in the rest. Rather than making the product themselves, they simply buy it.

The end result for a company being acquired in this way can be a devaluation of your business offering. If you're only valued for a single component, your company will not be encouraged to expand its product offering. You need a company that is able to ensure your products will mutually integrate and benefit both companies and sets of client lists.

# Direct Competitors

Being acquired by a competitor is a boon for the industry in which you both reside. This is because your company is likely to expand its market reach and client base through a merger. The downside is that there may be a lack of job security for your employees. As well, there can be significant costs to rebranding your products and marketing material, as well as merging products and technologies, let alone personalities.

It is also possible that your company may be dismantled for spare parts and your client list before being consumed by your competitor. That being said, you can also work equitably to mutual benefit. Just as long as you both bring something to the table, you will continue to need each other's products, people and business structure.

# Choosing a Buyer

Before you look for an acquisition company, you need to do some self-analysis to determine your company's value as well as your intended outcomes. Are you looking to simply 'get out' or are you looking to expand and enhance your company? Once you get a grasp on what your company's goals are, you need to find an acquisition company whose goals align with yours.

Ideally, you need a buyer who is a little bit from each of the three categories above. You need a company that acts swiftly and can inject funds like a venture capitalist, private equity company. At the same time, you need to work with a company in your industry who understands your operation's worth and value. You need a company who operates in diverse vertical markets to add depth to your product offering. At the same time, you need a company who can see the benefit of maintaining existing management and employees on board to run the business.

Choosing a buyer is like selling your home and moving into a new one. The difference is that in the end, both of your companies are going to have to live inside a new space together. It's more than just being about "fit". It's about family.