

## Why use an Advisor for Your Divestiture?

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Brian Hamilton, CA, CFA

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You likely have spent a lot of time and effort building up your company. Its value may now be worth \$10 million, \$50 million or more. But you have decided to sell. You may have discussed a proposed sale with investment bankers wishing to represent you. If you are considering a Divestiture, here are some ideas to consider with respect to using an Advisor:

### Some Advantages:

1. **Achieving a Better Price and Better Terms of Sale.** An experienced Advisor should be able to obtain a better deal than if you do it yourself. They have a large and sophisticated database available to discreetly locate a number of prospective buyers. They have a proven negotiation strategy. They also know the common pitfalls to avoid.
2. **You can Stay Focused on Running your Business.** It is common that a Divestiture process can consume 50% to 75% of the CEO's time for a period of up to 12 months. A trusted Advisor can reduce this burden by doing a lot of the leg work. You can stay focused on building and maintaining the value of your business.
3. **An Advisor can Discreetly talk to Competitors.** Your competitors may be potential buyers but contact has to be handled properly. An Advisor can talk with several competitors at the same time without them knowing it is your company being discussed.
4. **Crossing the Finish Line.** An Advisor helps ensure the deal gets done. They are focused on keeping the process moving. They act as a buffer between you and potential buyers and their experience helps find solutions when problems arise.
5. **A Sounding Board for You.** The Divestiture process is often a once-in-a-lifetime event for you. An Advisor has been through it many times and can be a valuable Sounding Board for you and your team. An Advisor also provides a professional level of objectivity in selling your company. In addition, an Advisor can help with your valuation assessment and the advance preparations necessary to maximize the value of your company.

### Some Disadvantages:

1. **Are they Trustworthy?** It is hard to know if the Advisor truly has your best interests at heart. Is there a risk the Advisor has relationships with private equity firms, lenders, or other prospective buyers that pose a conflict?
2. **Are they Experienced?** What is their track record? Do they understand your business? Do they have operating experience? How are their people skills?
3. **Who actually will be doing the work?** Sometimes the people presenting the Divestiture proposal to you are not the same as those who actually do the work.
4. **Will the Advisor earn his fees?** The fees paid to an Advisor are often a straight percentage of the sales price on closing. Perhaps a two-tier fee structure would be superior, where a higher percentage is tied to the Advisor's performance in achieving the top price.

*Brian Hamilton is the CEO of Corplan Advisors Inc, a Calgary-based firm dedicated to helping Owners and CEOs of mid-size companies in Western Canada cross the finish line smiling with their Divestitures, Acquisitions & Succession Plans.*