

Five Phases of a Deal from a Sell-Side Perspective

August 1, 2024

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M&A can be complex. For most sellers, it is a one-time event and likely their most significant financial transaction in life. Given the complexity and the stakes, many sellers can be confused as to what is essential and where to focus. I understand. To help, I created the below infographic as a cheat sheet for sellers to organize the various advisors involved, the different phases of their transaction, and what the seller should be focused on.

Most importantly, sellers need to keep their eyes on their business during the sale transaction. As obvious as it sounds, a seller has not sold his/her business until the deal closes (and the money hits their account!). Deals can be exhausting, and deal fatigue can set in. Plus, buyers can lure sellers into a sense of combination that is not yet legally transacted. Don't make this mistake. If the deal does not close (for whatever reason), the seller needs to be able to move forward with the business. Don't lose sight of your prize.

Further, sellers should weigh the transaction details through two lenses. First, the seller needs to understand the purchase price and how the price will be paid. Second, the seller needs to understand trailing liabilities. This is a big item as most sellers do not need to worry about personal liability for their business during the operational phase. However, most buyers make a seller guarantee all aspects of their business in a transaction. Again, M&A can be complex. Make certain to hire good advisors to provide practical advice.

ANATOMY OF THE DEAL

5 Phases of a Deal from a **SELL-SIDE PERSPECTIVE**: The Players and Their Involvement

	Pre-Transaction Planning	Phase I: Letter of Intent	Phase II: Due Diligence	Phase III: Contracts	Phase IV: Closing	Phase V: Post Closing	Post-Transaction Planning
	Player Involvement Per Phase						
Seller	●	●	●	●	●	●	●
Buyer		●	●	●	●	●	●
M&A Consultant	●	●	●	●			
Attorney	●	●	●	●	●	●	●
Accountant	●	●	●	●			●
Financial Planner					●		
Business/Life Coach	●						●
	Phase Rule: Find and eliminate skeletons; Create multiple options	Phase Rule: Know what you want and get it in writing as the LOI may be your high water mark	Phase Rule: Disclosure is your friend	Phase Rule: Confirm business terms and manage risks	Phase Rule: Time is your enemy	Phase Rule: Remember to dot the i's and cross the t's to meet all conditions	Phase Rule: Enjoy your new status in life; Make sure you've considered life without the business

Level of Involvement

Low ●

High ●

Building ●

Half Phase Trailing ●

Half Phase Building ●

Sell Side M&A: Three Rules of Thumb for the Transaction

Rule #1: You haven't sold your business until you've sold your business

Rule #2: Get your money upfront (as soon and as much as possible)

Rule #3: Reduce and eliminate your trailing liabilities



For questions or more information, please call Michael N. Mercurio at (301) 575 - 0332.



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5 Phases of a Deal from a **SELL-SIDE PERSPECTIVE**: The Players and Their Involvement

Pre- Transaction Planning

- Phase Rule: Find and eliminate skeletons; create multiple options

Phase I: Letter of Intent

- Phase Rule: Know what you want and get it in writing as the LOI may be your high water mark

Phase II: Due Diligence

- Phase Rule: Disclosure is your friend

Phase III: Contracts

- Phase Rule: Confirm Business terms and

Phase IV: Closing

- Phase Rule: Time is your enemy

Phase V: Post Closing

- Phase Rule: Remember to dot the i's and cross the t's to meet all conditions

Post-Transaction Planning

- Phase Rule: Enjoy your new status in life; make sure you've considered life without the business

Sell Side M&A: Three Rules of Thumb for the Transaction

Rule #1: You haven't sold your business until you've sold your business

Rule #2: Get your money upfront (as soon and as much as possible)

Rule #3: Reduce and eliminate your trailing liabilities

Originally posted 3/26/2021, no content changes