

How to Avoid Derailing Your Sell Side M&A Transaction

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There are many items and considerations that can derail your sell side M&A transaction. Active litigation, titling issues to assets and employee/benefit matters all could lead to the quick demise of your sale. Most times, these items are found when due diligence commences in earnest by your buyer. However, the single most item that will tank your deal (or have buyers pass before a deal commences) relates to sloppy financial books and records. A seller's financial data is generally the first substantive intersection with a buyer. Even before a letter of intent is submitted, a buyer will want to see some financial records of the potential target. If the seller's records are disorganized and not in accordance with proper standards, most buyers will move on. For all business owners having good financial statements is vital to operating a successful business; for sellers in the market, hoping clean records is a must-have. The inability to show the buyer financial value and clean operations is the foremost deal killer for a seller. Sellers wanting to sell their business should have their books and records scrubbed before going into the marketplace to make certain their finances are clean, normal and what would be expected by a buyer. Failure to do so may prevent a seller from landing that large payday.