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How to Find a Buyer for Your Business: 5 Steps to Find Qualified Buyers

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Exiting your business successfully means securing a deal that aligns with your future goals. Whether you aim to find a new owner to continue your legacy, fund a new venture, or exit quickly to focus on other priorities, finding the right buyer is essential.

This post covers five chronological steps to find a buyer for your business, vet them, and determine if they can ensure a smooth transition that supports your exit goals.

Many business owners assume they must rely on their personal network — or even Google — to find a buyer. Maybe you've received an unsolicited email from a buyer or know someone who sold their company this way.

However, this post explains why working with a qualified M&A advisor who understands your exit objectives, casts a wide net, and negotiates with buyers on your behalf is a far more effective approach.

We'll cover:

- **The different types of buyers** and how an ideal buyer profile helps you explore your sale options.
- **Five critical steps to attract buyers,** find out if they're qualified, and close the deal.
- **The best way to find a buyer** by engaging a vetted M&A advisor.

The Different Types of Business Buyers

When seeking the right buyer for your business, it's important to recognize that different buyers have varying motivations, propensities, and priorities during a sale.

Understanding these buyer types will help you position your business in a way that aligns with your goals. **Creating Ideal Buyer Profiles (IBPs) or buyer personas is key to this process.** While none of these types are inherently good or bad, some may be a better fit for your preferences and objectives than others.

We start by categorizing buyers into two groups: strategic buyers and financial buyers.

Strategic Buyers

Strategic buyers acquire and absorb companies to grow their businesses. They might be your firm's competitor, supplier, or customer, or they might be looking to expand in your market or diversify their revenue streams.

For example:

- A competitor might acquire your business to gain access to your R&D (research and development), IP (intellectual property), increase their market share, or expand geographically.
- A competitor may also want to acquire you to add an adjacent product line to their offerings.

Strategic buyers often pay more for a business if it offers something attractive, so this type of buyer can be a strong option if your goal is to maximize the sale price.

However, **they tend to cut parts of the business they can't use,** so selling to a strategic buyer may not be the right choice if you want continuity for your business and team. Additionally, when you sell to a strategic buyer, your business is fully absorbed, meaning your brand and company will cease to exist.

Financial Buyers

Financial buyers identify and acquire companies with attractive growth opportunities to realize a return on their investment. These buyers can include private equity firms, family offices, independent sponsors, holding companies, search funds, or individual investors.

Financial buyers are predominantly focused on cash flow and are often a good fit for sellers who want a strong sale price while also finding a trusted steward for their business. They focus on understanding how quickly and how much they can increase the long-term value of a business, but they generally do not aim to integrate it into a larger company.

When creating a profile for your ideal financial buyer, it's important to understand the distinction between private equity and what's known as "patient capital."

Private equity firms are often beholden to limited partners (LPs) and the return profiles they dictate. When external capital is used to fund the deal, the buyer is "on the clock." They're looking for a specific growth rate to generate a return for their investors and typically aim to re-sell or conduct IPOs of the companies they acquire within 3 to 7 years.

On the other hand, buyers like family offices and many holding companies don't have such a strict timeline. These "patient" buyers acquire companies with the goal of growing them without an intended exit timeline.

Given this distinction between strategic and financial buyers, it's crucial for business owners to have a clear answer to the question of "money vs. legacy" for their sale. There are also countless other factors to consider when creating your IBP. In fact, it's the starting point in the process of finding a buyer for your business, as we'll explain in the next section.

Finding a Buyer for Your Business: Step-by-Step Guide

Step 1: Determine Your Ideal Buyer Profile

The first step to finding the right buyer for your business is understanding the type of buyer you want to attract. To create this profile, you can start by asking yourself some serious questions about your motivation for selling your business and the objectives you aim to achieve.

Let's look at how the different answers to these questions could create contrasting buyer profiles.

Where do you fall on the spectrum between valuation and stewardship?

Many business owners fall somewhere between valuation and stewardship: they want a fair price for their business but are also mindful of the legacy they've built.

- **Strategic buyers:** These buyers tend to pay the highest price, but your business name and brand may cease to exist.
- **Private equity/ family offices/ independent sponsors:** While you may not get as high a price as with a strategic buyer, your business name and operations are more likely to remain intact.
- **Search funds / individuals:** When you choose this type of buyer, you're essentially picking a successor. While they usually pay the least, you have the most say in how your business continues.

Do you want a longer tenure at your company?

Some buyers may be open to negotiating a partial sale, allowing you to remain as CEO while "taking some chips off the table," followed by a majority sale a few years down the line.

This type of agreement can be attractive to buyers, as they retain your services and access your legacy knowledge, while introducing fresh ideas and capital for growth.

As a seller, you benefit as well: the business growth during your continued tenure could lead to additional financial upside when you fully exit down the line. This second sale is often referred to as "the second bite of the apple."

Working with an advisor is the optimal way to connect with a wide range of buyers within the IBP you've created. Advisors leverage their experience and networks to maximize your buyer coverage, position your business effectively for the right buyers, and tailor your communications to give you the best chance of meeting your goals.

Let's examine how this happens:

Step 2: Engage an M&A advisor

Once you've determined your ideal buyer profile, **it's time to connect with an M&A advisor and start the process of finding, vetting, and negotiating with buyers.**

Working with an M&A advisor offers several benefits:

- **M&A advisors can better codify your ideal buyer profile.** Advisors know what questions to ask to generate a comprehensive set of objectives and preferences that align with the types of buyers you should prioritize.
- **M&A advisors have extensive networks of potential buyers,** including hundreds or thousands of relationships. *To maximize the benefits of this network, it's crucial to work with an advisor who has recent, relevant experience in your industry and with businesses like yours.*
- **M&A advisors are skilled at managing distribution.** To maximize your exit, it's ideal to have 5–10 interested buyers at the table, rather than just one. Advisors leverage their network to achieve this while ensuring sensitive data is protected and disclosed at the right time under appropriate NDAs.
- **M&A advisors know how to market your business to potential buyers.** They tailor your positioning based on the type of buyer, understanding that the narrative for a private equity firm differs from that for a corporation. Advisors leverage their experience to present your business in a way that aligns with what each type of buyer is looking for.

When you work with an advisor, they'll start by discussing your goals and your buyer profile in detail, testing your ideas against their knowledge of buyer demand, recent transactions, and current market pressures in your industry.

They'll ask additional questions you may not have considered, such as how selective you want to be in targeting buyers and whether you prefer more offers to compare or fewer that are more closely aligned with your criteria. **You may even find that your ideal buyer profile evolves** as you explore these aspects with your advisor.

Remember, your advisor is there to educate you throughout the process. They'll explain each step clearly, answer your questions, and provide the reasoning behind their recommendations before they start reaching out to buyers.

Step 3: Engage with Potential Buyers

Advisors have strategies to connect with a broader, more qualified network of buyers.

Crucially, they choose the approach that aligns with your business size, market conditions, and buyer profile. In our experience, **a seasoned M&A advisor can increase your buyer coverage by a factor of ten,** focusing on reaching buyers who align with your IBP to secure the best deal terms.

Advisors typically take two main approaches to finding a buyer:

A Limited Process

During a limited process, your business is presented to a small, targeted group of potential buyers. For example, your M&A advisor might approach a shortlist of buyers in their network who have expressed interest in businesses like yours or are looking to acquire the type of infrastructure you provide to expand their operations.

Limited processes typically result in less competitive bidding, as the smaller pool of buyers gives the seller less leverage in negotiations. However, they can expedite the sale timeline, closing the deal more quickly and with less disruption to the business.

An Auction Process

In a broader auction process, your advisor will cast a wide net to attract a larger pool of potential buyers. **This strategy is ideal if you want to generate interest from many buyers and create a competitive bidding environment that drives up the price.** It's also the default process for smaller companies, where demand may be lower. Typically, the smaller the business, the less buyer demand there is in the market.

While an auction process increases the chances of closing a deal, it can also be time-consuming and disruptive, as unqualified buyers often need to be filtered out. A skilled M&A advisor will have the necessary processes in place to help weed out these buyers.

As you can see, **each strategy offers its own benefits and drawbacks.** What matters most is selecting the approach that aligns with your business characteristics and your exit goals.

Step 4: Vetting and Evaluating Buyers

Once buyers express interest, your advisor will continually assess them against your criteria.

Key questions to ask when vetting and evaluating buyers include:

- **Does the buyer have enough cash to close the deal?** At the most basic level, understanding their sources of capital helps determine whether your asset is the right fit in terms of size and whether they have the financial capacity to complete the deal.
- **Has the buyer been historically acquisitive?** Targeting buyers with industry experience offers several benefits: it ensures your business will be well-managed after your exit, simplifies demonstrating your company's value, and enables a faster sale due to the buyer's industry familiarity.
- **Do they have the internal resources to handle the acquisition?** This is particularly important if you're dealing with a smaller firm that may not have the resources to process the acquisition and handle post-transaction duties, especially if they've recently acquired another business.
- **Did they recently change their strategic direction or leadership?** For some companies, a change may make them more receptive or aggressive in pursuing acquisitions. Understanding their current position helps gauge whether they're likely to proceed with negotiations and meet your terms.

Understanding these factors is crucial as you move through the vetting and evaluation process, which follows a sequence of stages:

- After receiving the teaser and signing the NDA, buyers review **the CIM** (Confidential Information Memorandum)**.** They may ask questions if they have concerns or need more details to assess whether your business aligns with their goals.
- Once satisfied with the CIM and your responses, they'll submit **an IOI** (Indication of Interest) before deciding whether to proceed with their due diligence. If you accept the IOI, it moves to the next stage.
- After completing their initial checks on your business, the buyer will submit **an LOI** (Letter of Intent) to demonstrate their commitment to moving forward with the sale. Keep in mind that you will only accept one LOI at a time. Once accepted, an exclusivity agreement (outlined in the LOI) is put in place, typically lasting between 30 and 120 days, ensuring good faith negotiations.
- If you accept the LOI, the final steps consist of due diligence, negotiations, structuring the deal, and signing the **purchase agreement.**

In partnership with you, your advisor will maintain the momentum of this sequence, even as bids from interested parties are submitted.

It's important to remember that if you're fielding multiple offers (which is likely if you chose to look for a buyer with an auction process), this stage of the sale can involve a lot of spinning plates. In the course of a few weeks, your advisor might:

- End contact with a buyer who requested the CIM but then answered one of your questions with a massive red flag.
- Answer questions from another buyer who's getting ready to submit an IOI while also checking their sources of capital to ensure it's wise to move forward with them.
- Receive and review an LOI from a third buyer and discuss their offer with you in depth.
- While simultaneously fielding initial questions from other potential buyers who have just become available and have seen the teaser.

The advisor manages this delicate process, ensuring you find a buyer with the right experience, sufficient funds, and a strategic fit for your company.

Step 5: Negotiate a Deal with Your Ideal Buyer

After securing a qualified buyer and executing the LOI, your advisor will continue assisting in structuring the deal and ensuring a successful close. This process can be lengthy, as the terms address key factors such as the control each party retains, the stake being transferred, and any ongoing liabilities or responsibilities post-sale.

This is where the advisor's experience proves invaluable. We find that sellers who work with an advisor are **75% more likely to close a deal** and **achieve a 25% higher sale price** on average compared to sellers handling negotiations alone.

Their ability to stay neutral and composed during negotiations helps secure the most favorable terms. Remember, as a business owner, your "number" is about more than just the sale price — it reflects what you want to leave behind and what's needed to fund the next stage of your personal life, whether that's a new investment, retirement, or securing your children's education.

Once negotiations are complete, your advisor will guide you through the final decision-making process, and you'll sign the purchase agreement. Some terms may have been outlined in the LOI, while others will have been negotiated along the way.

For example, the purchase agreement typically includes:

- **Definitions of the sale** and agreement terms.
- **Execution provisions,** covering the purchase price, payment mechanics, earnout targets and timing, and any purchase price adjustments.
- **Representations, warranties, and schedules**, where the buyer outlines potential ongoing issues (e.g., litigation and employee benefits) and affirms certain facts (such as financial statements and company contracts) as true at the time of the sale.

- **Indemnification provisions**, specifying who is liable for issues arising after the deal closes.
- **Interim and post-closing covenants**, setting expectations for buyer and seller responsibilities during the transaction (including non-compete agreements and liability insurance).
- **Closing conditions**, detailing the requirements for both parties at the time of the purchase agreement and the closing of the sale.
- **Termination provisions**, outlining the circumstances under which either party can terminate the deal.
- **Transition period,** specifying how long the seller will remain involved in the business post-sale to assist with the transition, along with their compensation during this period.

Because the final purchase agreement is complex and carries significant stakes, tensions are inevitable as you near the end of negotiations and the closing date. Again, your M&A advisor is invaluable in navigating these challenges and helping you secure your exit goals.

Whether you want to exit soon to move on to your next project or find a buyer who shares your vision for the future of your business, an advisor will help you cast a wider net to find serious buyers and secure the best terms for your sale.