First impressions can make or break your deal

Life is full of second chances, but when it comes to mergers and acquisitions, the maxim "you have only one chance to make a first impression" usually is true. The first time prospective sellers sit down with prospective buyers is a critical moment — one that may determine whether the deal will go forward and prosper, or get stopped in its tracks.

If you're selling a business, you naturally want to impress your buyers at this initial meeting. Your success — or failure — will come down to preparation and attention to details, including the attendees, location and agenda.

Choosing your reps

One of the first decisions you'll need to make is who will attend the meeting. Do you want to keep it small and confidential, including only your owner or CEO and your M&A advisors? Or do you wish to invite senior managers representing your company's various departments?
Each configuration offers certain pros and cons.

A meeting limited to owners and CEOs will likely move faster and be more candid. But its success will rely on the impression made by only one or two individuals. Involving a team of managers, on the other hand, enables you to provide more information and expertise. But it also increases the chance that the meeting will get bogged down with too many — or even mixed — messages.

You'll also want to consider whether your prospective buyer is sending an army of officials or only a few key decision-makers. Your M&A advisor can help you decide what's appropriate under the circumstances.

Mapping a location

Although it may seem like a minor detail, your meeting's location can have major repercussions. A third-party site such as a hotel conference room is ideal because it eliminates the "home field advantage" for either party and helps both concentrate on the issues without distraction.

However, it's likely that your potential buyers will want to meet at your office so they can look around and get a feel for your operations and business culture. If this is the case, be sure your facilities are clean and organized and that employees are on notice to dress and act appropriately. If you're concerned about fueling the employee rumor mill, consider holding your meeting after-hours.

Setting your agenda

Even if your management style is casual and you typically conduct meetings informally, it's essential to draft an agenda for your initial buyer meeting. This includes a detailed timeframe and a set of discussion topics, including:

- History of your company and its ownership,

- Why you're selling,
- Your company's general financial health,
- Long-term goals,
- How the management structures of the two companies compare, and
- A broad roadmap for a prospective merger.

You don't need a script, but it's important to know what you'll say — and how it relates to the larger message about why your company is an attractive acquisition target.

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Unless your meeting follows informal talks that have already laid the groundwork for the deal, you likely won't discuss a specific purchase price. Deal structure — including whether it will be a cash or stock transaction and how the buyer plans to finance it — is another topic best tackled during the due diligence and negotiation stages.

Making it work

Buyers and sellers arrive at their initial face-to-face meeting with certain overriding objectives. For the buyer, it's to determine whether your business is worth the time and financial risk associated with pursuing an acquisition. Your objective is relatively simple by comparison: Convince the buyer that your company is worth a bid. A well-planned first meeting can go a long way toward that goal.