Selling a Business? Thoughtfully Consider Engaging an Investment Banker

As a result, it is critical to have a candid discussion about objectives at the outset so that everyone is working together in the same direction. Objectives can evolve over the course of a sale process. However, the process generally will not run well if there is any confusion about the initial objective at the outset of the engagement.

2. Fees. Owners understandably tend to focus on the total dollar amount of fees that could be paid in the event a sale is closed. That of course is important, but many factors come into play when structuring fee arrangements. The focus should be on making sure that the arrangement is appropriately tailored to the objectives for the specific transaction in question. The percentages of the sales price for the success fee at the heart of the arrangement matter, but so do, for example, the associated valuation thresholds and timing requirements. One size does not fit all. With thoughtfulness, though, appropriate fee arrangements can be structured to provide a foundation for a mutually beneficial relationship.

3. Transaction Participation. From time to time, investment bankers have affiliates (or clients of affiliates) that could be interested in participating in the investment or acquisition side of a sale transaction, or the investment bankers themselves might have such an interest. Depending on the circumstances, that could be helpful or troublesome. Accordingly, it is important to address that possibility at the outset of an engagement so that there are no misunderstandings or disagreements down the road if indeed any such participation opportunities develop.

There are many other important considerations associated with structuring a good relationship with an investment banker. The starting point is to thoughtfully consider whether to engage one (which,