

By David M. Shanberg

Planning Ahead to be Acquired

In Mergers & Acquisitions, a logical corollary to the acquiring company asking itself “What am I buying?” is the selling company asking itself:

“What am I selling?”

A company should be run as an ongoing business, not with the express purpose of an exit. However, there are measures that can be taken to increase the odds of eventually being acquired.

One of those is to determine the companies most likely to be potential acquirers and what each of those companies would view as the seller’s most important attributes. In other words, think a step ahead to how the various potential acquirers would answer the “What am I buying?” question.

A list of possibilities, outlined previously, is:

- Product, service, or technology, or a platform that can support additional products
- Customer base / traffic that is attractive or significant
- Distribution channels or hard to duplicate partnerships
- Human resources, such as the management team, development team, or other technical expertise
- Intellectual property
- Brand or reputation
- Fixed assets or property
- Financial characteristics

Next, be sure that those key attributes of the company become or remain strengths. For example, assume it is likely that potential acquirers will focus on a particular service of the seller because it would provide a time-to-market advantage relative to the acquirer developing the service itself. In that case, one of the company’s priorities should be making sure that particular service continues to develop in a way that will be attractive to potential acquirers.

Again, focusing on the attributes most likely to provide an exit should be merely one priority among the many that a growing business juggles, but the strategy discussed above can make the difference in ultimately becoming a compelling acquisition target.

David Shanberg has led communications, Internet, software, and other technology mergers, acquisitions, strategic alliances, venture investments, business development, and finance activities for the past 16 years, completing transactions totaling over \$90 billion. He also has a previous 4 years of experience in technology consulting.

Baker Pacific specializes in corporate development strategy and M&A transactions for technology companies. Baker Pacific is especially well-suited for situations where a company finds itself contemplating or facing a significant transaction (such as a sale of the company or an acquisition) and needs additional expertise and bandwidth to be successful.

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