



MARTIN FRANZ

Negotiate to Succeed

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Every deal negotiation is different and requires a careful understanding of the seller's negotiating position. This can be influenced by a range of factors such as the number of buyers at the table and the respective negotiating position of each; synergies between the two parties; which buyer is in the best position to complete a deal and, of course, who is the right buyer for the business, taking into account of a range of other factors.

Martin Franz, who leads Benchmark International's operations in Germany, shares some basic negotiating tips for business owners looking to sell their company.

Negotiate in your own style. A smart adviser understands that all sellers are different, and even that a group of shareholders from the same company are likely to have differing styles. Your deal team will learn what suits you best throughout the process to ensure negotiations reflect your preferred style.

Remember you are 'always' negotiating. From the preparation of the Information Memorandum through to the Virtual Data Room, be aware that everything discussed can work towards determining the deal structure and company valuation, in addition to many other aspects of the deal.

Never make the 'first offer'. To avoid underselling the opportunity or pricing a buyer out, a shrewd negotiator will always wait to hear what a buyer has to say first. This is why we offer companies for sale on a bids-invited basis, and why we always aim to solicit the buyer's 'for offer' when it comes to the agreement of the net working capital target as part of any surplus cash negotiations. There is one caveat to this - unless you have to! We know there will be situations where we need to consider 'going first', which will only be done after careful consideration of all the relevant factors and information.



A buyer's 'first offer' is rarely their best. Likewise, a shrewd negotiator will always hold something back, and the trick is to work out what this is and where there is room for negotiation, often using competitive tension from competing bids to drive offers up.

Be prepared to compromise. No deal is ever agreed unless both parties feel that the deal is fair, and they have achieved some wins along the way. Know where you are prepared to compromise and play your cards accordingly.

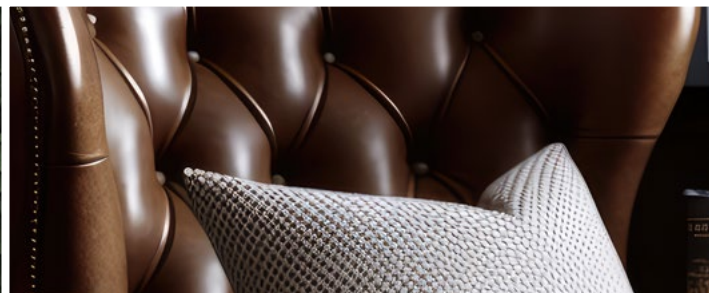
Don't allow a buyer to cut your adviser out of the negotiations. Occasionally, a buyer will ask the sellers to exclude their advisers from any negotiations, which may not always be in your best interest. This divisive tactic can leave you in a difficult situation, wanting to keep the buyer at the table, yet also wanting the advice of your deal team. Rest assured, your deal team is experienced in these situations and an early conversation can usually determine the right course of action for you.

You don't need to negotiate with us! Your Benchmark team is here to secure the best deal for you and will aim high throughout. An open and honest dialogue will ensure you and your team are fully aligned during the process.

Of course, every seller and every situation is different, but by working as a team we can adapt throughout the process while sharing a common approach.



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