



Timing is Everything – A Case Study

In 2019, the owners of a third-party logistics company decided to sell their business. However, the sale process, particularly finding the right buyer, takes time, and by March 2020, the global economy had fallen precipitously as a result of the Covid-19 pandemic. Did the sale close?

The partners interviewed several investment banks throughout March 2019. They knew a properly run sale process can take anywhere from 6 to 12 months, so they were hiring a bank to work with them for many months to come. They chose Aethlon in April.

Telling the story.

There's a saying in the deal business that "time is not your friend." When you're ready to sell, it's important to move the process expeditiously forward. Once Aethlon was hired, we immediately started interviewing the owners, collecting data on the business and writing the Confidential Information Memorandum (CIM).

Developing the prospective buyer list.

While we're writing the CIM, we're also finalizing a prospective buyer list. Our industry connections are expansive and detailed, allowing us to target the right buyers and avoid wasting time sharing the opportunity with buyers who aren't relevant or unlikely to do anything more than look. In this case, we generated a list of more than 200 prospective buyers for the company.

Hitting on all cylinders.

In July, we started contacting buyers. While the company's owners didn't have a date by which they wanted to sell (oftentimes this can be calendar year-end for tax purposes), Aethlon set a rigid timetable and targeted closing date of December 31, 2019.

Key strategic decision – streamlining the process.

Aethlon decided to skip the IOI stage of the sale process. We asked all buyers to submit LOIs on September 19th. This was strategic on our part; the longer the time given to buyers, the higher the possibility something will derail the sale process. The business was also well-run, relatively easy to understand, and we provided buyers with a wealth of information about the company in the CIM. Given our knowledge of the lower middle market (deals between \$10 million and \$100 million in enterprise value) and how buyers behave in this segment, we believed it wouldn't create much trouble to skip the IOI stage.

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The majority of interested parties complied with our shortened timeline. There were a few who didn't feel comfortable with the skipped IOI stage, but that was more driven by their limited experience with the industry and the opportunity. For those who were well-versed (and most interested), they had enough data and submitted very strong offers.

The buyer we selected, backed by a private equity firm, had also made a dozen acquisitions over the last few years, which allowed them to submit a competitive, detailed LOI. They, along with several others, were invited to meet with the owners in October 2019. In November, the owners decided to move forward and enter into exclusive due diligence with the ultimate buyer. The target close was December 31, 2019.

What did we learn?

This was an aggressive target given the holiday season. Both sides worked expeditiously and efficiently to meet this deadline. Nevertheless, the deal didn't close on December 31st. It had to be pushed back two weeks to finalize the purchase agreement, conduct a few last-minute customer calls, and finalize the owner transition agreements. But the point is, it closed, and we obtained a higher price than the buyer expected.

Had there been any significant delays along the way, or had there been an IOI stage, or had there been any trepidation on the partners' part on selling, this deal might not have closed. Many industries have shut down during the last couple of months, and when the Aethlon team is having conference calls from home these days, we are reminded that timing is everything.



Aethlon Capital is a boutique investment bank with decades of experience assisting business owners in raising capital and/or selling their business. We help owners strategize the necessary steps to facilitate corporate growth and align with strategic partners. Aethlon has completed mergers and acquisitions ("M&A") in numerous industries – from consumer products to construction, and from luxury goods to high technology.

Our professionals would enjoy the opportunity to discuss your company's growth plan. To find out how Aethlon's investment banking services can help you, call Sima Griffith at 612.338.6065 or email sgriffith@aethlon.com.