

SELECTION CRITERIA FOR A M&A ADVISORY FIRM

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1. Is this the right size firm for us?

Would we get better service or results with a larger one?

Would a smaller one give us more attention?

Would we be a high priority client for this firm?

2. Who specifically would be working on this engagement?

Would it be the principals we are talking with, or primarily subordinates?

Would we be dependent on one individual, or is there backup?

How is our chemistry with the lead working principal? Others?

Will geographic distance limit our face to face contact?

3. What is the firm's relevant experience?

Is M & A their primary business?

What similar size companies have they sold?

Is the proposed assignment typical of their usual engagement?

4. How well do they understand our business?

Do they have a basic understanding of our "technology"?

Do they understand "how things work" in our industry?

Are they so close to potential buyers as to have conflicts?

5. What is their reputation?

Do they have a history of litigation, disputes or controversy?

Are we comfortable with their judgment, integrity and discretion?

Would they command the respect of potential buyers?

Have they volunteered past client references?

6. How do our and their "cultures" mesh?

Are they as creative as we think we want? Too much? Not enough?

Are they as cautious as we would like? Too much? Not enough?

Do we understand and accept their marketing modus operandi ?

Would we feel comfortable having them representing us?

7. What are their strengths and limitations?

Are they sufficiently seasoned to avoid making needless mistakes?

What should we not count on them for?

Do they stay with a deal when it bogs down?

Will they discuss objectively where they have not been successful?

8. Is their engagement letter complete, clear and professional?

Is it concise, specific and not ambiguous?

Does it provide the client a cancellation option?

Does their "grace period" apply to all contacts or just meaningful ones?

9. Are we comfortable with their fee structure?

Are their fees and terms consistent with others?

Do the up front fees seem excessive?

Is it clear exactly what the success fee applies to?

Will they work with a "top end loaded" incentive fee structure?

10. What are the firm's "credentials"?

Licenses: NASD Broker-Dealer? Real Estate Broker? None?

Principals' prior professional and educational history?

How long have they been in business as an organization?

Do we "belong" on their client list?

11. Do they ask the right questions?

About our financials? Customers? Competitors? People? Problems?

About our motivations and personal needs?

About our weaknesses or vulnerabilities related to selling?

12. Do we agree with them as to where we need the most help?

Preparing the company for sale? Determining value?

Preparing appropriate marketing materials?

Identifying and contacting potential buyers?

Generating interest and obtaining offers? Negotiating price and terms? The definitive agreement? Avoiding mistakes?

13. Is there a clear delineation of who is responsible for what?

Who will develop the projections and assumptions?

How much legal or accounting input is needed prior to an LOI?

How much of our time is expected in preparing offering documentation?

Are they going to ask for any serious changes to be made?

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Mr. Giannini began his Wall Street career with Kidder, Peabody & Co. and was also with Cumberland Investment Group in New York. He has been a principal or intermediary in over 40 corporate purchase or sale transactions and served as CEO or COO of three public and three private companies in transition.

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