ASA Ventures Group

A SUCCESSFUL M&A TRANSACTION FOR OUR OUTSOURCED HEALTHCARE SERVICES CLIENT

The Story: Meet our former client. He is in his mid-50s. He has built a great company over the last 12-15 years. When we connected with him, he was at a cross roads. Our client wanted to exit eventually but he saw some great growth opportunities in front of him and his business. He also didn't have time to devote to a succession plan.

Should he exit now or wait? We let him know there was a middle ground. We can find him a specific, niche partner to help him grow, and give him some liquidity so not all his wealth is tied up in his business. The partner and he would grow together for the next 3-7 years and then exit fully.

Is the partner taking over his business? As a practical matter, our client continues to remain involved and all the employees are, and have been, loyal to him. The last thing the partner wants to have happen is our client causing employees to leave. All incentives are aligned to grow the business as quickly as possible.

Who is this partner? It is a group of previous and current owner/operators in his sector with resources and connections to the right customers. These owner/operators have grown companies similar to our client's. They will invest in the right scalable aspects of the business earlier on. Further, our client will benefit with his remaining equity position growing in value.

How does he know our process is going to produce a high value? We put the risk on us instead of him. If we go out to market and cannot find that right buyer from a valuation/partnership perspective, we will continue to search until we find the right one, all on our dime. Better yet, by going to market, our client will receive feedback from acquirers of how to increase his value. This is the only way he would know the specific steps needed to increase value.

Why wouldn't he just sell his company on his own? 98% of our clients have never heard of the eventual acquirer that ends up completing the transaction. From the financial analysis and forecasting, to managing data rooms and all the legal documentation and 24/7 support on handling every part of the transaction, we take care of all this for him so that he could stay focused on running his company. One of the main reasons acquisitions fail is because the acquiree begins underperforming given the strain on the owner's time.

Our client already had an acquirer looking at his business so why use us? Almost every client we bring on has an acquirer looking at them. However, there are usually issues: the acquirer's value is not sufficient, the acquirer is taking too long to analyze the company, etc. What happens when we enter the picture? We create competition between acquirers. For this client, we almost doubled the value the original acquirer had offered with our process.

HOW DID IT TURN OUT FOR OUR CLIENT?

The original acquirer that had been interested in our client prior to him engaging with us valued his business as half the value the new acquirers offered. We found him the right partner who saw his value. He had not heard of this partner prior to working with us. It has been over two year since we completed the transaction for him. His company has tripled in size. Our client continues to remain involved. His management team has great growth opportunities as well as the ability to earn equity in the business. We never lose touch with our previous clients. Once they hire us once, they hire us for life.

CONTACT ASA VENTURES GROUP
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