

Anchin Alert

Anchin, Block & Anchin LLP
Accountants and Advisors

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Techweek Recap: How to Successfully Execute Mergers & Acquisitions

Anchin recently sponsored **Techweek New York**, a week-long conference which exists to spread wealth creation to a diversity of places and people through supporting the emergence of substantial and sustainable businesses, which they call Hero Companies.

The headlined event of the week was **Founders House**, an exclusive gathering of entrepreneurs focused on solving the pain points companies face during their journey to become Hero Companies. Chris Noble, Leader of Anchin's Technology Group, and Eddie Solomon, Co-President of Net@Work, moderated a roundtable of select Founders and CEOs to assess key strategies for executing mergers & acquisitions. The conversation that transpired focused on three key aspects:

- **Acquisition Drivers** – Drivers are generally strategic or opportunistic. In creating a strategic acquisition, partner with an aligned industry leader that can make fast inroads for you and already has an established name in your market. Leverage multiple investment banks to identify your key strategic investors; In finding an opportunistic investor, focus on the current state of your business and consider raising more capital than you think you need from the right partner, even if you have to give up a little more equity early on.
- **Valuation Issues** – There are many factors to consider in valuing your company, some of which are sometimes overlooked but that can add real value to a deal (ie. assembled workforce, stage of technology compared to the market, management team, etc.). Founders sometimes have a hard time letting go of the idea of a higher valuation than what is being offered, however don't dismiss the "perfect" investor when presented with a lower valuation. On the buy side, make sure the culture is the right fit for your business; in addition, consider creative ways to keep the acquired executives engaged such as earn-outs, performance based stock options and bonus plans.
- **Other Important Considerations** – Terms are extremely important but often are not given the consideration needed. Control of the Board of Directors, voting rights, and tag-along rights are just some of the factors that create an equilibrium for success, along with the right monetary strategy. Create the right opportunity to exit so that you can leverage your past experience and reputation in the future.

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