



CASE
STUDY

Keeping the Deal on Track: Overcoming Challenges to a Business Sale

INTRODUCTION

Growing a profitable business isn't easy, especially one that is attractive to outside buyers. That's why few people have the opportunity to experience the excitement and the challenges of putting a company up for sale. A general consensus among business brokers estimates that somewhere between 70% and 90% of business transactions fail to reach completion.

For one profitable family business, what began as a strategic decision to sell soon began to show signs of stress. With the transaction on the brink of collapse, the family turned to Copeland Buhl, their trusted advisor, to navigate not only the complex financials but also the emotionally charged dynamics required to save the sale.

CHALLENGE

Frank gifted ownership shares of his distribution business to each of his direct family members. Two of the family members were active in the business; however, none had a desire to step forward and take over responsibility for running the entire business.

After a particularly profitable run, the family decided to capitalize and began discussions with a strategic buyer who shared their vision and values. Soon, Frank and his direct family members signed a letter of intent (LOI) to sell the business.

At this point, the family members looked to Copeland Buhl for help with transaction structure and tax planning. Expectations varied through the complex, emotionally challenging process of selling the family business, with some of the siblings looking to renegotiate or seek out competitive bids. Communication between the siblings became tense, and because of this, they relied on Copeland Buhl as the common point of contact.

At this point, another challenge surfaced. Frank had "seller's remorse" and started to look for ways to derail the deal the family had put into motion. Since the business had no formal transition plan outside of this single transaction, the future of the business became quite uncertain.

SOLUTION

Throughout the years, the Copeland Buhl team had provided steadfast tax and accounting support. With the transaction and family relationships at risk, the Copeland Buhl advisory team served as a neutral facilitator, providing the impartial, data-driven mediation required to keep the deal on track.

Our team listened to the concerns of each party in the transaction and worked diligently to find common ground and resolve concerns. Key contributors to the successful outcome included:

CLEAN, AUDITED FINANCIALS

A solid foundation of five years of audit data ensured the firm's CFO was prepared to respond quickly and easily to all due diligence requests. This level of financial clarity provided peace of mind for the family and instilled confidence in the buyer and his financiers.

SELL-SIDE REVIEW OF QUALITY OF EARNINGS (QOE)

When the buyer had flagged a number of items as "debt-like," our team quickly identified them as recurring items and successfully argued that they should be classified as net working capital. This adjustment resulted in a significant increase to the final purchase price without a prolonged renegotiation.

STRATEGIC TAX PLANNING

Copeland Buhl structured the sale to balance the interests of all five family members, maximizing the after-tax proceeds for the family as a whole.

RESULTS

The successful outcome, achieved more than a year after the initial LOI, was ultimately more favorable for the family than the original offer. Copeland Buhl's advisors transformed the unstructured exit plan into a success by providing responsive communication, data-driven insights, and expert mediation. They delivered the strategic oversight required to close the complex transaction while prioritizing the family's best interests throughout the entire process.

Engaging Copeland Buhl advisors early in the process is the key to ensuring a smooth business transaction. Contact us today for the strategic insights you need to navigate complexity and achieve your goals.

THE COPELAND BUHL APPROACH

Copeland Buhl is committed to being a partner through every stage of life—from launching a business to navigating the challenges of growth and succession to the exciting opportunities and responsibilities that accompany liquid wealth. We help our clients lead a life well-lived and create a legacy that endures.

