

NEW M&A RESOURCES FOR NAHU MEMBERS



By Janet Trautwein
CEO, NAHU
Washington DC
jtrautwein@nahu.org

One of the goals in NAHU's strategic-planning process was to improve resources for our members in the area of mergers and acquisitions, one of the most important industry trends we are seeing now and in the foreseeable future. To that end, our Mergers & Acquisitions Committee has been working on development of videos, checklists and other tools to help you understand your options or just understand the topic in a more useful way.

One of the most helpful resources we are rolling out in 2022 is a new Affinity Partner that can help you understand M&A in light of your specific situation. Brett Rosen with Rosen Advisory has many years of experience in M&A and we are pleased to announce our new partnership with him. He has also been an active member on our M&A Committee. I sat down with him to talk about the work of the committee and the resources that will become available for NAHU members.

Janet: Brett, why are the resources NAHU is developing so important to association members?

Brett: The decision to sell your business is one of the most important decisions you will make in your career, and life. NAHU wants to be there to support their owner-members not just when the time is right for a sale but throughout your business journey so that you:

- know the current value of your business and are able to continually take actions to increase its value
- understand the M&A process and requirements to reduce the stress and emotion involved
- follow best practices regarding M&A, whether on the buyer or seller side of the table

Janet: What are some of the resources NAHU members can count on?

Brett: Resources are being developed to help buyers and sellers at all stages of their business journey. They fall into two categories: preparing your business to sell and successful execution of a transaction.

In terms of preparing to sell, it is never too early to start think about a sale. This mindset will help you intentionally build the most valuable business you can.

Resources in support of executing a deal will include creating an exit strategy, building a team of experts to support you, and guidance to select an ideal partner.

The financial and non-financial aspects of a deal, such as how buyers value business, the diligence process, an overview of the legal agreements, and best practices around the transition process will also be available.

Janet: What are some best practices when it comes to preparing your business for sale?

Brett: Start early. M&A is a topic that is critically important to business owners but rarely is it urgent.

Have experts you trust around you. When you are dealing with significant and permanent change, large sums of money, and impact to your employees and customers, going it alone is not ideal for most sellers. If you are a buyer, it's equally important to have guidance from experts working on M&A every day.

Don't be afraid to ask anything. Don't let ego or fear get in the way of asking any question of a buyer or seller. Communication is key and, while cliché, there really are no dumb questions.

Don't let deal excitement or fatigue get the better of you. As deals can take a long time, it's easy to want to take shortcuts to get the deal done quickly. Be careful about agreeing to things at the eleventh hour because the deal process is getting tiring and stressful.

Janet: That's great advice. What are biggest mistakes have you seen owners make in the sale of their business?

Brett: There are two major mistakes that I see in the M&A process. The first is sellers not realizing they can and should negotiate. Often there is fear because the business owner is not familiar with the protocols of a deal. Buyers, especially private equity-backed buyers, are seasoned pros who do not take financial requests personally. If you are ethical and forthright, no request is off-limits.



Brett Rosen

The second mistake is not getting to know the buyers well enough, over a long enough period of time, at all levels of the organization. Sellers often trust someone they know who already sold to an organization, but they may not end up with the same deal or opportunity. You have to really take your time and go through a rigorous vetting process.

Janet: What else would you want agency owners to know?

Brett: When it comes to M&A, there are no hard and fast rules. It's really the wild west. You can be as creative as you want in

the setup of the deal. You can always ask for more money until someone says no, which can be hard for some sellers, especially when negotiating with a buyer they really like and when they don't want to put anyone off. It's exceedingly rare that buyers put their best offer forward right out of the gate.

Janet: I've told our readers that we are excited to announce our partnership with you, but what should NAHU members know about Rosen Advisory?

Brett: Rosen Advisory helps agency owners maximize the value of their business while caring for their employees and customers. We will ensure you understand the current value of your business, help you build a plan to increase business value, understand your strategic options, prepare your firm to sell and, if the timing is right, guide you through an M&A process.

I founded Rosen Advisory after 17 years with OneDigital, where I led over 50 acquisitions. When on the buyer's side, I was known for having the backs of owners I was recruiting. Respecting "deals" was far more than just making a business transaction to sellers. Having this mindset of always trying to do the best thing for buyer and seller made it an easy career decision to move to the seller's side of the table, where my years of experience as a buyer can be invaluable to agency owners looking to sell or align with a new partner.

My main goal in working with NAHU members is to work with individuals to gain a deep understanding of their particular goals and objectives, and challenging them to think deeply about their ideal next chapter—whether that be in retirement or as part of a new organization. I want to make sure no stone is unturned to maximize the value of the business they've worked so hard to build, while never losing sight of the non-financial considerations.

Janet: Can you tell us a little more about how NAHU collaborating with Rosen Advisory?

Brett: Rosen Advisory has agreed to provide any NAHU agency owner with a free business valuation and initial consultation. As part of this process, Rosen Advisory may make a proposal for additional work or can help you get the right resources if you have unique needs or needs not in our area of expertise. To get in touch with Rosen Advisory, visit www.rosenadvisory.com or email me at brett@rosenadvisory.com.

Janet: Thanks for your willingness to work with our members and for all the work you and the other members of the NAHU Mergers & Acquisitions Committee have done! We really appreciate all the resources that have been created and those that we will see in the coming months. 🙌