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PART I

When Buyers Come Calling: What to Do When You Receive an Unsolicited Offer for Your Business from a Buyer

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Part I of a two-part series on responding to unsolicited acquisition interest

For closely held business owners, receiving an unsolicited approach from a potential buyer can be both flattering and disorienting. Whether it arrives via a phone call, email, or overnight letter, it often comes at a time when the business is not formally "for sale."

While some buyer outreach is not much more than spam, a strategic or financial buyer that contacts you directly or through a transparent, credible intermediary has already spent time evaluating your business and believes there is a compelling opportunity. Importantly, they are almost always operating with more experience, resources and market information than you at the outset. How you respond in the early stages matters.

Pause Before You Act

The most common mistake is reacting too quickly. Unsolicited offers are often framed as time-sensitive to create urgency and put you off balance from the get-go. It's important to remember that you own your business and you control the timeline. When they come to you, there is no obligation to respond on their terms. Taking a step back ensures you evaluate the situation strategically, rather than reacting to a single data point.

Protect Confidentiality

Your people and your "secret sauce" are your firm's most valuable assets, and protecting them is paramount. In the early stages of conversations, limit awareness within your firm to at most a small, trusted group. Never share confidential information without first executing a non-disclosure agreement tailored for M&A use and reviewed by your attorney. Even then, critical proprietary information, like key customers, should not be disclosed in early discussions.

Understand Buyer Motivation

The rationale behind the approach often matters more than the headline number. Different buyers are motivated by different objectives:

- Strategic acquirers may be pursuing synergies and willing to pay a premium
- Private equity firms may see a platform or expansion opportunity
- Some buyers are testing interest with limited internal conviction

Understanding the "why" helps you assess how serious a buyer's interest may be, their likelihood of closing and overall fit between the two parties.

Treat the Offer as a Starting Point

An unsolicited approach suggests your business is attractive. That's a starting point that creates the opportunity to assess your strategic and personal objectives, gauge how attractive your business may be to a third party, and determine whether a broader, structured process is appropriate.

Handled correctly, an unsolicited approach can be the catalyst for a well-executed outcome. Handled reactively, it can narrow your options before you fully understand them.

In **Part II**, we outline how to convert unsolicited interest into a structured process that creates competition and maximizes outcomes.

About SD Capital

SD Capital is a premier, full-service, value advisory and investment banking practice that assists middle-market companies in creating and maximizing business value. We provide strategic evaluation and execution of various downstream sales and monetization pathways. With decades of combined executive experience running, owning and advising private companies our team is uniquely positioned to guide owners through the complex process of growing and selling their companies. Learn more at www.sdcapital.com.

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