

Buyer Side Considerations in M&A

Paul Pincus

Partner

Ortoli Rosenstadt LLP

Katrina Leslie

Founder and Chairman

Swipejobs

Paul Pincus, Partner and Head of
Mergers & Acquisitions, Ortol
Rosenstadt LLP

php@orllp.legal



Katrina Leslie, Founder and
Chairman, Swipejobs Inc.

katrina@swipejobs.com



Discussion Outline

- What are the benefits and risks to buyers of M&A growth vs. organic growth?
- What do buyers look for in a seller?
- What makes some sellers more valuable than others?
- What creates a “red flag” for a buyer about a seller’s business?
- How have buyers’ approaches to M&A changed in the past two years?
- How do buyers prepare for acquisitions and what do they expect of sellers?
- Based on experience, what best practices make acquisitions most successful?

Best Practices to Make Acquisitions Successful

- Have in place an experienced internal and external M&A team, and plan for operational and HR integration in advance
- Do thorough operational, legal, accounting, tax and insurance due diligence
- Make sure there are or will be at closing enforceable non-competes/non-solicits by key management, and by current and departed employees who have/had significant client relationships
- Significant option or phantom rights holders should have in place or sign as a condition of closing enforceable non-competes/non-solicits with forfeiture and clawback provisions
- Sellers' roles post close:
 - Practical transition if planned change or continued role for a period if limited change is OK
 - Realizing logical cost synergies typically very difficult with sellers in place
- Analyze workers' compensation classifications and perform modelling under your rates to determine ongoing GP
- Operational capacity – fill rates, show-up rates vary significantly across assets
- Commissions and growth – you get what you incentivize
- Analyze what proportion of commissions are paid for prior year deals versus new customers

Q & A