

Transitioning Your Business and Getting Out on Top

Recently, [Brian Meegan](#), a corporate transactional lawyer in the Denver-based law firm [Ireland Stapleton Pryor & Pascoe, PC](#), sat down with Charlie Fote, former CEO of [First Data Corporation](#), to discuss the keys to successfully buying or selling a business at the best possible price. Fote, during his more than 30 years in the corporate world, has been involved in the purchase and sale of hundreds of businesses with entity values from a few million to billions of dollars. Fote emphasized a number of points to consider, depending on whether you are a buyer or a seller.

First, when analyzing the strength of a company, two of the leading value drivers are:

- 1) The percentage of market share that the company holds; and
- 2) The strength of the top management team.

Fote emphasized that the current profitability of a company, while important, is not as critical a factor as the strength of the company's top management. In particular, it is especially important to make an evaluation of the acquired company's management as quickly as possible so as to make any necessary adjustments within at least a 90 day period following the transition. Holding to this timeframe should provide enough time to separate the "yes" people from the truly talented ones and minimizing the cost and disruption from having the wrong people "on the bus." In fact, Fote's focused on the importance of making a fast and efficient assimilation of the new company into the existing one.

Another critical component of a successful sales transaction is comprehensive and detailed due diligence. Fote recounted several humorous stories about business owners that attempted to cast their company in financial terms that didn't prove out in the process of analyzing the due diligence. One such situation occurred when Fote demanded to know why an acquisition target's balance sheet didn't balance. The owner responded by leaving the room, only to emerge a minute later with a new balance sheet that miraculously was in balance. Needless to say, Fote did not choose to pursue that transaction further.

Fote closed the conversation by emphasizing that good preparation by both a buyer and a seller – strategic analysis of the target, financial and legal due diligence and transition planning – coupled with a buyer's willingness to make tough decisions within a short period of time following the transaction will maximize the likelihood making the transaction a financial success for both parties.



[Brian Meegan](#), is a director at the Denver-based law firm, [Ireland Stapleton Pryor & Pascoe, PC](#). In his corporate law practice he works with U.S. and international business owners, franchisees, investors and executives on the formation, growth, management or sale of businesses. Additionally, he counsels business owners in the retention of employees, growth and protection of assets and exit planning processes. You can contact him at 303-623-2700.