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ACQUIPEDIA

What follows are short feature articles that cover the waterfront of issues related specifically to the burgeoning market of public relations and digital marketing agency mergers & acquisitions. Our goal is to provide agency CEO's with information and insights that are critical for insuring the best possible outcome of an acquisition for both the buyer and the seller. The Stevens Group will continue to add similar thought leadership content to this section regularly. We welcome you here now. And, we invite you back again and again.

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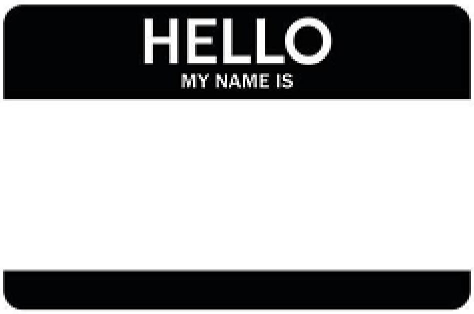
How to Get the Best Out of An Attorney During the PR Agency Acquisition Process



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SUBMIT CONTENT

SOME PEARLS OF WISDOM FROM ART STEVENS FOR PR AGENCY BUYERS & SELLERS

> *The time to sell your PR agency is when you've had at least two good years in a row —higher revenues and profits. If you encounter an off year after two or three solid growth years in a row, as Desi said to Lucy, "You've got a lot of 'splaining to do" to a buyer if you try and sell your firm. Avoid the explanations and the excuses. Sell when you're hot. Don't sell when you're not.*

> *Sellers need to consider a menu of options so they can make the wisest decisions on their future.*

> *Do you remember the famous song Judy Garland sang in the movie "A Star is Born?" The song was "The PR Firm That Got Away." If you as a buyer have identified a PR firm you're genuinely interested in, don't let it get away.*
> *You may not sing as well as Judy Garland but you have other means at your disposal to demonstrate to the acquisition candidate that your interest is deep and sincere.*

> *What many would be sellers don't understand is that if they can't get their businesses running like a business then an eventual interested buyer will pass.*

Hey, PR agency owners: do you really need to hire that $100,000 a year account manager? I'll bet your present staff could handle the new business that just came in. See? I just saved you $100,000 which will go directly into your pocket.

To negotiate the best deal for your agency make sure that there aren't any individual accounts that are more than 20% of your total revenue.

A common fault among many PR agency owners is that they have too many account people for the business they have. This reduces profitability and the amount of money agency owners can take out. The rationale? Account people are needed for the next wave of new business. Lesson to be learned: tomorrow may not come that quickly. Plan for today and thrive.

Selling your PR agency for the highest price is no longer the number one reason to sell. The number one reason is jump starting your career and the opportunity to work with an exciting buyer.

PR agency owners: beware burning your account people out. If they routinely work twelve hours a day you're heading for trouble. There's enough stress in the agency world as it is. Do yourself and your people a favor. Send them home at a decent hour.

Go the accrual route for a more accurate reading of your financial statements, particularly if you plan to sell your PR agency.

PR agency buyers and sellers: do not allow email communications to replace good old-fashioned phone conversations and in-person get togethers. Emails provide great opportunities for miscommunications, incorrect interpretations, and negative outcomes.

PR agency sellers beware. Don't make the mistake of signing a letter of intent with a prospective buyer and then attempt to change terms already agreed to when presented with a purchase agreement. Big mistake. Your deal could implode.

Don't fret if the first two buyers that have expressed interest in acquiring your PR agency decide the fit isn't right. Some may simply be lactose intolerant. There will be a glut of buyers out there for whom the fit is indeed right. The key is to widen the net and find them.

If you sell your PR agency to exit altogether in less than two years you're leaving a lot of money on the table. Commit to at least two years and increase your purchase price by almost 30 percent.

PR agency owners often tell me they want to sell their firms when they reach a certain milestone – $1 million, $5 million or $10 million in revenues. I then ask them what their thinking would be if their revenues went down and not up. That's when there's a long pause. Lesson to be learned – take nothing for granted. Business takes funny bounces. Sell while you're ahead.

PR agency buyers beware. Don't construct an offer that is so complicated it would take a rocket scientist to unravel.

PR agency owners walk a fine line. Running a business properly and making a profit is vital. But there's such a thing as making too much profit. That could mean working your staff to the bone and under servicing clients. The result can be churning clients and staff in and out.

A PR agency CEO wears two hats: one of a competent PR pro who is valued by clients. And one of a business owner who wants to make money in the process.