

The Ideal Scenario for an Acquired PR Agency

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So, you founded, built, and successfully developed a PR agency and now you're ready to sell it.

You're familiar with what it takes to run a successful agency but don't have a clue as to what's involved in putting it on the market. You have heard stories of great transactions that have worked out well for both a seller and a buyer. But you've also heard some tales of unhappy sellers who ran into unexpected negative situations. And why were they unexpected? Because the seller didn't have sufficient knowledge of how to go about selling and what to be aware of.

It's like buying a house without getting it inspected first. You look through it and it's your dream house. But once you buy it and move in you learn that the air conditioning system needs replacing, that there are leaks coming from the ceiling

that you hadn't seen during your tour of the house. And the roof needs replacing. This suggests that the proper digging wasn't done before you signed the deed. It's the same when selling your agency.

One common challenge when selling is that many PR agency founders don't understand the process and can make mistakes along the way that leads to unhappiness when a deal is done. Selling a PR agency can be a complex, lengthy process, and the details can vary significantly from one deal to the next.

Before starting the process, keep in mind that finding the right buyer and having a smooth, happy outcome is the expected outcome – so long as you're getting good advice and counsel. If you believe that you can guide the process on your own, then you can find yourself in a new environment that rubs against every value you've established in your own business while it was independent.

As someone who has worked closely with more than 100 PR agencies over the last 15 years, I have discovered a few scenarios that owners should be familiar with as they embark upon the selling process.

For starters, whether your selling experience is a seamless one depends on numerous factors surrounding chemistry and collaboration, company culture, and the blending of best practices of each firm.

In my experience, I'd like to share some worst- and best-case scenarios that can take place after your agency is acquired.

It's essential to keep in mind that many of the worst-case scenarios can be avoided altogether when you enlist the support of a trusted adviser during the sales process. I have observed several of the following challenges – albeit they are not as commonplace – to keep in mind when considering an agency sale:

- You are left alone
- The new owners are more interested in monthly numbers than collaborating
- There are added costs that weren't initially agreed upon
- Things seem more distant and remote post-sale
- Usurping authority of owner-seller
- Unease expressed by your employees and clients
- Relentless pressure to achieve profit targets
- There are no synergies or collegialism, as promised
- You are rarely meeting with key people
- A general feeling of being an outcast after the ink dries

Fortunately, the above situations are few and far between, at least in my professional experience.

The Right Kind of Strategy and Support Can Offer a 'Happily Ever After' Scenario

After handling countless successful PR agency M&As over the years, I believe communication is key to ensuring both seller and buyer are satisfied and that the agency teams and clients across both agencies have a positive experience during the process – ideally along with guidance from an experienced facilitator.

Here are several best-case scenarios I've had the good fortune of helping to create when sellers and buyers are the right fit for one another:

- The agency culture and quality of life exceeds what you expected
- The acquirer hasn't added any arbitrary overhead items that weren't agreed upon
- Your employees are thrilled and excited to be in such a stimulating and motivating environment
- The buyer has fulfilled their promise of helping to steer new business to the seller

- You are treated with respect and dignity during the process
- Your agency's administrative and back-office tasks are now handled entirely by the acquirer
- The buyer provides new services that you didn't have previously and adds to your revenue stream
- All your current clients are supportive of the acquisition and are going out of their way to let you know
- You achieve an even higher earn-out than anticipated

The Bottom Line

When the time comes to sell your PR agency, there are a lot of questions and conversations that are involved. There are so many specific factors to weigh, including the offer you receive, the nature of the merger and/or acquisition and the right partner.

It's also important to realize that a deal is not purely about the money. Assessing how a buyer will take your agency post-sale to the next level and whether you can work with them over the long term is a crucial consideration.

Selling can be a strategic way to transition from the PR agency you built while generating additional revenue. It's crucial to go into a potential sale with open eyes about what it really means for you so you can decide if selling to a particular buyer is the right decision – and then negotiate the best terms possible with the help of a trusted consultant.

Remember, the process of a successful transaction can take many months. But transparency and good will are vital components in the process.

My advice: Keep your eye on the prize during the process itself and do a gut check on the fit. You will be living with an acquirer for a reasonable period and there's no turning back. Your decision must be the right one. If it's right, as

it should be, you will be a happy camper. The key to an acquisition transaction is to check all the boxes beforehand to ensure that the fit is absolutely the right one. If so, you will be happy, grow and ensure a meaningful future.



About the Author: Art Stevens is managing partner of the Stevens Group, a firm that specializes in facilitating mergers and acquisitions in the PR and digital/interactive space.