

What Selling Your PR Agency Can Do for You

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The most successful acquisition transactions that I've been involved with put a spring in the step of the principals of the PR agencies who have sold to larger buyers. It has less to do with extra money in their pockets. But it has everything to do with their new roles in the buyer's organization.

The best time to sell your firm is not when you're ready to retire – it's when you're ready to jumpstart your career. It's not when you can get the most money for your business, but when your future with a buyer's company can get you excited about public relations again. It's not when your profits are at their zenith, but when your zest for the next phase in your career is at its highest.

The current acquisition marketplace tells us the following: Buyers aren't looking for sellers to embark on an exit strategy; they're looking for sellers to partner with them so that both can achieve higher goals by working together into the future.

I have conversations with many prospective sellers all of the time. Among the beliefs that many still swear by are that they should sell their PR agencies when profits and revenues are at their historic highs, when they're ready to retire or work part time and when they can get the most money for their businesses. No, no and no. Not this time around.

The best time to sell your firm is not when you reach a targeted revenue number. It's when an opportunity to partner with a compatible buyer can enhance your life. The buyers out there are now considerably more aggressive in finding

compatible matches than ever before. And, believe it or not, more sellers are connecting with buyers that haven't even offered the highest price. The reason? Lifestyle.

Buyer-seller compatibility

First of all, the demographics of buyers have changed drastically. Buyers are no longer the largest companies, but are the medium to small-sized ones. The bottom line is not the primary tool in evaluating the efficacy of deals anymore. It is more the fit that will determine if a transaction is destined to be.

As one buyer told me recently, "If the seller and I are compatible and are excited about what we can accomplish working together, then that means everything to me. The rewards will follow."

Many sellers are unable to grow rapidly. They are stymied by the size that they have reached. Their lament is that they can't get invited to compete for the larger accounts. This lament is actually the truth. But when partnering with a larger agency, the combined operation is able to compete on a higher level.

A buyer's company should never be a graveyard for a seller's firm, but a rebirth. That is what the current marketplace tells us. Gone are the days when the first step that a buyer wants to take when evaluating a prospective acquisition is to review the financials. Now meeting first and spending time together is more the bellwether. If there isn't any comfort level between buyer and seller, then an evaluation of financials won't even take place.

So when should a seller consider selling? At any time. Why wait three to five years if you can reap the benefits now? Size is no longer a prerequisite for most buyers. But niche, style, chemistry, talent, location and client base are. Even

firms with revenues of well under \$1 million can be of great interest to certain buyers.

There are many rewards for agencies that consider selling: being able to compete for larger clients, having the support of a larger agency's staff and resources, turning over the administrative/backroom/clerical chores to the buyer's team, getting to focus more on clients and business development – and there's an exciting future for the seller's staff as well.

Selling a firm is like creating an annuity for all team members. The legacy of the selling firm continues unabated. The owner becomes a key player in the buyer's organization. If the two cultures fit, then there is excitement, promise, opportunity – and a new spring in your step.