Frequently Asked Questions
Mergers and Acquisitions

Is M&A for big companies only?
No. Any size company can participate in M&A.

Are there lists of companies for sale?
Yes, through business brokers, but often those are listings of candidates that are improperly valued and not always the best companies.

Are there print businesses for sale that are not publically listed?
Yes, most are not listed. NAPL can assist you in finding businesses for sale. The best opportunities exist among owners of companies networking with each other and through professional contacts. NAPL will work with you to utilize these contacts for M&A purposes.

Why shouldn’t I use a business broker to sell my company?
Business brokers do not have the industry specific knowledge and contacts to ensure that you transition from ownership in a way that maximizes the value of your asset.

How important is it for the acquiring company to have financing?
Not very. Except when leading companies are being sold, most transactions do not involve significant amounts of cash at closing. The reason is that NAPL guides buyers on how to structure the transaction so that the seller is allocated a portion of the risk to ensure that the merged business will succeed.

Does NAPL represent buyers and sellers?
Yes. NAPL works with clients who are using growth by acquisition as part of a larger strategic plan as well as owners who wish to transition from an ownership position while preserving capital and maximizing value.

How does succession planning fit into all of this?
Some owners prefer to sell the business to their family via a succession plan. These can be more difficult transactions as they involve family emotional issues as well as the lack of inherent savings through the consolidated resources of two companies into one. NAPL can provide an objective valuation of the company and help to manage generational expectations.

If I acquire a company do I have to take on their debt?
No. However, some acquirers view reasonable debt assumption as an opportunity. You may want to assume some of the other party's debt as a way to structure and finance the transaction. We caution potential acquirers to avoid focusing on the seller's debt too early in the process. They should first focus on chemistry and strategic fit. The debt can be addressed and dealt with in the context of structuring the transaction.

What is a “tuck in”?
A “tuck in” is predicated on “tucking in” the sales of one company into the infrastructure of the buyer. Profit expectations are based on the consolidation savings and the revenue enhancements. The incremental profit to the buyer is used to formulate a “price” for the general intangible assets of the seller, the customer relationships. The “structure” is based on risk allocation between the parties, meaning, what happens if things don't work out as planned. One of the keys to success of a “tuck in” strategic acquisition is that the customer requirements of the seller have to fit the capacity and infrastructure of the buyer.

What are the most important considerations in evaluating a strategic partner?
Two things – chemistry between the parties and strategic fit. Strategic fit is defined by consolidation savings and revenue enhancement for the partners.

What if both companies in a strategic transaction are NAPL clients?
Given NAPL's strong market presence in the rapidly consolidating printing industry, this is a common situation these days. Our policy is to provide independent, objective advice. Any confidential client information that belongs to either company will remain confidential. Our advice in this matter reflects both parties' interests but we are mindful of potential conflicts. Feel free to seek your own advisors if concerned about this relationship. If the transaction process reaches the “legal stage,” you will each need to have separate attorneys to handle paperwork and closing mechanics.
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How do I determine the value of my business?
Unless you’re doing valuations in the printing industry every day, you don’t know what your business is worth. It’s important to get an objective value of your business based on solid industry knowledge. The two primary ways to value printing companies – earnings-based and asset-based – are included in the NAPL Business Valuation report. In addition, NAPL provides an equipment valuation based on current market conditions as one element of the overall valuation.

When is a Business Valuation needed?
Business Valuations are important in a variety of situations:
- When the business is at a cross-roads (grow vs. sell the business)
- M&A negotiations - when considering a strategic transaction (buy, sell, merge)
- For a bank or other financial institution for raising capital, loans, lines of credit, etc.
- Succession planning
- Partner buy/sell agreements
- IRS tax matters
- Litigation related to partner break-up, divorce, etc.

What is the fee for a Business Valuation?
The professional fee for a business valuation is determined by the type of valuation being done.

How do I find a company to merge with or acquire?
Through the NAPL Growth by Acquisition plan, NAPL will work with you over a 6 month period to procure candidates and provide M&A advice. As part of our structured Outreach Plan, candidates will be identified by NAPL through proactive communications outreach performed with client input and approval; reactively as opportunities arise; and through leads generated by the client. NAPL will communicate with candidates, and will assist in structuring and negotiating the transactions.

Can NAPL help me if I already have a company in mind for a strategic transaction?
Yes. NAPL offers M&A Advisory Services for exploring the opportunity for a strategic transaction where the client has met with a prospective candidate and has gone beyond initial dialogue, whether considering a merger, acquisition, or sale of business.

Can NAPL help me sell my business?
Yes – through the NAPL Sale of Business engagement.

Once the value of your business had been determined, NAPL will work with you over a 6 month period to procure buyers and provide M&A advice. As part of our structured Outreach Plan, we prepare A Confidential Presentation for Prospective Buyers. Buyers will be identified by NAPL through proactive communications outreach performed with client input and approval; reactively as opportunities arise; and through leads generated by the client. NAPL will communicate with potential buyers, and will assist in structuring and negotiating the transactions. NAPL assures complete confidentiality throughout the process to prevent fallout with vendors, customers and employees.

Are there other services related to M&A that NAPL provides?
NAPL can provide assistance with post-closing planning communications and, if needed, we will manage an Orderly Liquidation.

Can I sell my business if I have a lot of debt?
NAPL can guide you on options for restructuring the debt to enable you to maximize the value of your assets.

I'm experienced in M&A and need objective advice to make a decision about a strategic business opportunity. Can NAPL help in this case?
Yes. The NAPL M&A Advisory Service is for exploring the opportunity for a strategic transaction where the client has met with a prospective candidate and has gone beyond initial dialogue, whether considering a merger, acquisition, or sale of business.
How much effort will it take me to get an NAPL business advisor up to speed on my situation?

Less than you think. The typical client is able to respond to standard information requests within a few days of beginning this process. Most clients are able to put a package together without creating new data or engaging their staff, with the possible exception of the financial person. We’ll then call or email with a few questions.

Will someone from NAPL come out to visit my company?

Preferably yes, but it is not required except in cases of formal business valuation. The site visit is typically recommended because not all companies are alike, and we know how to appreciate and articulate the subtle nuances that are only apparent during a walk-through by an experienced industry-specific professional.

When would a visit be done?

Some clients prefer that we visit early in the process as part of relationship building. Others prefer that we get together when it is time to discuss the initial findings of our analysis. It can be done either way.

How do I maintain confidentiality when an NAPL business advisor visits my company?

Keep in mind that NAPL regularly visits hundreds of companies each year, so it is quite normal to say that someone from NAPL is taking a tour of the facility. Another approach is to say we are a potential customer. Some clients prefer to announce that an NAPL visitor is in the shop, without saying anything about the purpose.

How can you determine the value of my business without spending a lot of time on site?

Because we specialize in the print and graphic communications industry as well as being experts in business valuation. We know the right questions to ask and, more importantly, we know how to gauge the answers. This saves time as clients don’t have to “educate us” about their industry.

My regular accountant does business valuations. Shouldn’t I use them since they already know my company?

Some CPA firms may be capable of providing valuations that are technically correct. However, having an NAPL specialist provide the business valuation is critical because it reflects industry-specific insights, guidance, and perspective. And, keep in mind, general intangibles are a very valuable asset that is not even on the balance sheet; a CPA is not qualified to appraise your customer relationships.

Doesn’t the value placed on a business come down to a formula such as a multiple of EBITDA?

No. If you think so, then let’s have a conversation off-line to dispel this notion once and for all.

Do most of your valuation projects lead to a sale of the business?

Definitely not. Most are for planning purposes. Valuations are one component of M&A strategic transactions. Outcomes are affected by chemistry between owners, strategic fit, and non-valuation considerations more than anything else.

How should we communicate during this engagement?

We can discuss sensitive matters in a private office or a conference room at your location. We have had meetings at the client’s house and at the offices of their accountant or lawyer. Others prefer to come to NAPL offices and get away from the distraction of day to day operations. Also, you can set up a personal email account just for this process and schedule telephone conferences ahead of time so you can be in a quiet place.

When does a valuation engagement end?

The engagement ends when you want it to end. Sometimes that means it ends after discussion about the report and its findings. But more often than not, our clients view NAPL as a trusted resource beyond the valuation project. It would not be surprising to work together beyond the specific engagement.
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What is the best outcome for NAPL?
A satisfied client. We would also be happy to receive a written testimonial.

How do we get started?
Sign our engagement letter and fax it back. In addition, be sure to tell your spouse and partners that you’re doing this. It helps to eliminate problems down the road.

More questions?
Call us. We’ll be happy to confidentially discuss your goals, plans or desires for your business.

Meet your NAPL Mergers, Acquisitions and Business Valuation Team

John Hyde
Senior Vice President
201.523.6313
jhyde@napl.org

Kathleen Appleton
Consultant
201.523.6309
kapleton@napl.org

Tim Fischer
Senior Vice President
201.523.6376
tfischer@napl.org

James L. Coughlin
Consultant
616.844.1670
jcoughlin@napl.org

Mike Philie
Vice President, Senior Consultant
410.489.7188
mphilie@napl.org

Thomas J. Cobery
Senior Consultant
201.523.6326
tcobery@napl.org