

Why Corporate Development Should Be Viewed as Sales Instead of Purchasing



Everything in a corporate development professional's job is focused on a single purpose: helping their company grow and creating long-term value for its shareholders and stakeholders. Accomplishing that involves a constant process of identifying and researching potential acquisitions, with only a small percentage making it to the finish line.

Over time, the day-to-day mechanics of the job — creating models, doing due diligence, arranging financing — can cause the acquisition process to feel less like finding the right match and more like purchasing groceries at the supermarket. When prospecting for target companies, corporate development pros essentially look at what's on the shelves, pick the “products” that they want most, buy them at a good price and take them home.

But acquiring a business isn't like buying a can of Coke. To state the obvious, people aren't products. Although there's an exchange of money in an acquisition, the only thing a buyer is truly purchasing is the ability for two organizations to work together. Businesses are communities, not commodities, and if the community of people in the business you're acquiring isn't excited to be there, what you've purchased may be of less value than you assume.

If you're a corporate development professional, you're sure to have a better outcome if you approach target companies in the way you would a sales prospect, offering them an opportunity to succeed over the long term at a higher level than they could otherwise. Here's how to do that.



Empathizing with the seller's perspective.

Before considering your organization as a deal partner, prospects need to know that you're the best possible fit for them — regardless of how much money you're willing to offer. Accomplishing that means presenting a vision for the future that puts their needs front and center while explaining how your companies could accomplish more together than separately.

A meaningful plan should address these likely questions from sellers:

- How will you ensure that my employees are treated well?
- How will you be looking out for my customers' best interests?
- How will you show respect for what I've built?
- How does joining your organization create something more than either of us could have built by ourselves?



Creating an opportunity funnel.

Treating corporate development as sales means managing it in the same way as any other sales process — by building an opportunity funnel.

- At the top of the funnel is **lead generation**, you're working to get potential prospects in the funnel as actionable leads. You do that by proactively communicating that you're offering a good future home for companies, where clients, employees and vendors will thrive and competitors will be deterred. Then, you start conversations with people who might see the value in this, asking about their concerns and problems and making clear that you have a plan to solve them.
- You **qualify** those candidates by making sure they're a great fit culturally with what you're trying to accomplish and are ready to sell, pointing the way toward a promising future together after the deal is closed.
- After undergoing due diligence, you **negotiate** a price and terms that will generate a fair ROI for your organization.
- You **close** a deal that both sides feel happy about.



What not to do.

Sometimes, when corporate development professionals approach a seller with a purchasing mindset, this causes the seller to look elsewhere because they don't think the relationship is going to work out well.

At Oaklyn Consulting, we've seen this with a recent client, a veterinary practice. The seller was focused on finding a good fit more than getting the highest possible price, which we helped communicate to buyers. In order to be considered, a buyer needed an attractive proposal explaining what life would be like for staffers at the clinic after the deal was closed. Prospective buyers who didn't take this request seriously didn't get far in the selection process.



How Oaklyn Consulting assists in the sales process.

Because we often work with small businesses that are contemplating a sale to a private equity firm, we're well acquainted with the common concerns of those sellers. Founder-operators who've grown their businesses from the ground up not only want to protect the legacy of what they've built and preserve valued relationships with customers, but also often consider their employees as an extended family who've made significant contributions to the company's success.

At Oaklyn Consulting, we help match each seller with the right buyer so they can go on to accomplish great things together. Because we don't charge a success fee, we're able to remain truly objective, looking out solely for the best outcome for our clients, whether or not that involves a sale.

Whether you're a buyer or a seller, we're glad to have a conversation about how we can help your organization reach new heights by joining with the right partner.



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