



How To Handle An Unsolicited Offer

📌 strategic planning Mergers and Acquisitions capital

Summary: Do you know how to deal with an unsolicited offer? We provide tips to help.

Inc. research finds the top things detail oriented people will notice are: what people are wearing, body language, misspelled words/improper grammar, the big picture and patterns that connect little things. Are you detail oriented?

Details matter in banking all over the place, so for those who might get notification of interest to buy your bank in the future (or if you are planning to send one out), then care should be taken.

Certainly, you must take any offer seriously, because you have a fiduciary responsibility to your shareholders to determine in good faith if the would-be buyer would bring more value to your shareholders than if your bank remained independent.

The entire board or a specially formed subcommittee could then evaluate the offer by conducting research and analysis. Bring in outside experts and include whether the culture of the acquiring bank is a good fit with the existing culture of your bank. This is critical for both your customers and your employees.

Of course, it's also paramount to consult with advisors, including your legal team and investment bankers, to make sure any action your board takes will comply with all state and federal securities and regulatory laws.

Most importantly, you should also obtain an impartial opinion of your bank's value. Look upon the offer as a starting point for discussions, and that, if warranted, you can negotiate to raise the offer. After all, it's your fiduciary responsibility to do so and most would-be acquirers will likely start with the lowest offer they can, before negotiations start and things begin to move.

If you decide that you want to sell, but maybe not necessarily to this would-be buyer, you will need to quickly start soliciting for counteroffers. Here is where your investment banking firm can help. So, take the action and get them involved early.

Your investment banker can also help you find other would-be buyers, potentially creating a competitive situation that increases your bank's valuation. These counteroffers can also be good as a back-up plan, if the initial deal falls through.

Remember that your competitive analysis of all the offers should not only include financial considerations, but cultural considerations as well. Sometimes the best deal may be with a buyer that offers a lower price, but has a better cultural fit and a better chance of streamlined integration.

If an unsolicited offer comes in as a hostile takeover attempt, your board will still need to decide based on what's best for shareholders. However, if you reject it, make sure to document your decision-making process to mitigate litigation risk.

No matter if you are getting an offer or making one, having the proper team of experts to help you is critical here.

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