



M&A Deal Funnel Template

Sell-Side M&A Deal Funnel

M&A Advisory: Sell-Side Deal Funnel

I. Background

- Investment banking practitioners manage capital markets processes on behalf of their clients. Successful processes result in a closed transaction.
- During a Sell-Side M&A transaction, the investment bankers will facilitate an end-to-end full sale process of their client’s business.
- A large part of facilitating a Sell-Side M&A process is assisting potential buyers through a deal funnel.
 - i. The junior bankers will maintain a well-documented record of the deal funnel in the “contact log” and present it to senior bankers on a regular basis in the “workstream emails”.

II. Additional notes on Deal Funnels

- Sell-Side M&A Deals are long and arduous processes that involve multiple steps, months of diligence, and potentially hundreds of outreach targets.
 - i. Therefore, it is important for bankers to keep a strong and detailed record of the process and to note which buyers are the furthest along in the funnel.

III. *Truncated M&A Deal Funnel*

The below deal funnel is an abridged version of a sell-side M&A Process. The steps described below can occur in different orders or may not occur at all during a deal.

- **Step 1:** Developing the Buyers List
 - i. *Collection of potential buyers and their contact information - occurs before the deal is launched into market.*
- **Step 2:** Initial Outreach
 - i. *Coordinated efforts by senior bankers to connect with potential buyers - considered the official “deal launch”.*
- **Step 3:** Introductory Calls
 - i. *Potential investors will confirm interest in the opportunity and meet with the bankers for a voice-over of the deal. This meeting will not include the client’s management team.*
- **Step 4:** Management Presentations
 - i. *By this time, potential buyers will have likely filled out an NDA and have completed some initial diligence in the dataroom. The client’s management team will present the opportunity to potential buyers.*
- **Step 5:** Product Demonstrations
 - i. *The potential buyers will likely have their product team or engineering team view the product / technology in real-time or ask for sandbox access.*
- **Step 6:** Indication of Interest (IOI)
 - i. *Typically, after meeting with management and reviewing the datatroom potential buyers who want to continue in the process will submit a bid, or an indication of interest.*
- **Step 7:** Letter of Intent (LOI)
 - i. *If the bid is attractive and the potential buyer is invited to the next round of the process, the next step would be to submit an offer, or a letter of intent.*
- **Step 8:** Purchase Agreements
 - i. *The seller will select which offer is most attractive and enter into exclusivity with the buyer and then the buyer will conduct confirmatory due diligence and submit a purchase agreement with the official terms of the transaction.*

Developing the Buyers List

Initial Outreach

Introductory Calls

Management Presentations

Product Demos

Indication of Interest

Letter of Intent

**Purchase
Agreement**

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