



Oaklins

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# Selling your events business

A strategy for founders, owners and senior executives

Ken Sonenclar, Managing Director, Oaklins Desilva+Phillips

## ABOUT OAKLINS DESILVA+PHILLIPS

Oaklins DeSilva+Phillips specializes in mid-market, sell-side and buy-side mergers & acquisitions (M&A) advisory, corporate finance services and valuations. Since our founding in 1996, we have helped over 400 clients achieve their personal and professional goals through M&A.

We are here to serve you. Our team of more than 20 dealmakers support your goals, whether that means selling all or part of your company, bringing in an investment partner, buying other companies or valuing your business.

We have global access to buyers as part of Oaklins International, which employs 800 investment bankers in 40 countries. ([www.oaklins.com](http://www.oaklins.com))

We understand your business and speak your language. Our team is composed of former executives and dealmakers from The Walt Disney Company, RELX, Thomson Reuters, AOL, Simon & Schuster, Dow Jones, Saatchi & Saatchi, CBS and Gartner.

We have represented companies as diverse as Microsoft, The New York Times, Condé Nast, Deutsche Börse Group and Abry Partners and sold businesses to buyers including Oracle, News Corporation, Deloitte, Tripadvisor, Ziff Davis, S&P Global and Politico.

### Our expertise in events

We have represented large companies like Informa, Massachusetts General Hospital and IDG, as well as many midsize companies like Smart Energy Decisions, Advertising Week, The Winner's Circle and 4G World. We have negotiated deals with strategic buyers such as RELX (formerly Reed Exhibitions), Emerald, Informa, Tarsus, LRP and private equity firms including JP Morgan Partners and RLJ Equity.



Our lead M&A advisor, **Ken Sonenclar** ([k.sonenclar@dp.oaklins.com](mailto:k.sonenclar@dp.oaklins.com)), had events operating experience at Gartner and the IT research & consulting firm he later co-founded, New Science. Over 20 years as an investment banker, he has sold events to companies such as Diversified Communications, Northstar Travel Group, and the Specialty Equipment Market Association. Senior Advisor John French was previously CEO of Penton Media and Cygnus Business Media.

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## INTRODUCTION

The decision to sell your events business is one of the most significant and complex undertakings you will face as an entrepreneur, as well as a major life event. Whether you're the founder of a thriving trade show, the owner of a successful conference series or the visionary behind a cutting-edge virtual events platform, the process of selling your company requires careful planning, strategic thinking and a deep understanding of the unique dynamics and challenges of the events industry.

Over the years, you have poured your passion, creativity and hard work into building a successful business that delivers value to your attendees, exhibitors, sponsors and stakeholders. You have navigated the ups and downs of the industry, adapted to changing market conditions and technological disruptions and built a talented team and loyal customer base. Now, as you contemplate the next chapter of your entrepreneurial journey, you want to ensure that you maximize the value of your life's work and position your business for continued success under new ownership.

### A complex process

While it may be tempting to navigate the complex process of selling your events business on your own, the reality is that working with an experienced M&A investment banker can make a world of difference. As an investment bank with deep knowledge of the events industry, an extended track record of successful transactions and a network of strategic and financial buyers, Oaklins Desilva+Phillips can provide invaluable guidance and support throughout the sale process. We can, moreover, help you assess your business's readiness for sale, develop a compelling value proposition, identify and engage with potential buyers, navigate negotiations and due diligence, and ultimately achieve a successful outcome that aligns with your goals and objectives.

Throughout this Guidebook, we explore the key aspects of selling an events business, from top-level strategy to granular tactics. We delve into the critical steps of preparing your company for sale, including assessing your financial performance, operational efficiency, and growth potential; developing a clear and compelling exit strategy; and creating a comprehensive marketing package that showcases your business's unique strengths and opportunities. We also survey the collateral revenue streams that spring from events businesses and examine the ways that AI can drive efficiency, enhance attendee experience and boost overall revenue.

We also discuss how to tailor your value proposition and marketing approach to both strategic and financial buyers and examine which type of buyer is best for you. We guide you through the intricacies of due diligence, including how to anticipate and prepare for buyer inquiries, identify and mitigate potential red flags and keep the process on track.

One of the most critical chapters of this Guidebook focuses on negotiating the terms of your sale, including valuation, deal structure, earnouts and post-closing obligations. We discuss our proven strategies for maximizing the value of your business, navigating complex deal terms, minimizing risk and liability, and ensuring a smooth transition of ownership.

We also explore several topics that are unique to the events industry. We delve into the key success factors and valuation drivers of hosted-buyer events, which have become increasingly popular in recent years. We also examine the regulatory, compliance and market dynamics of healthcare and life-science events. Beyond the sale of events businesses themselves, we explore the M&A landscape for event industry suppliers and support companies, including technology providers, marketing and communications agencies, exhibit and display manufacturers, staffing agencies, production/AV companies, and logistics and transportation providers.

Whether you're a seasoned industry veteran or a first-time seller, this Guidebook is designed to be a comprehensive and practical guide to navigating the complex and often emotional process of selling your events business. By leveraging the expertise and insights of an experienced M&A investment banker who will advocate for your interests, and following the proven strategies and tactics outlined in these chapters, you can maximize the value of your life's work, achieve your financial and personal goals and ensure the success and growth of your business under new ownership.

## Chapter one —

# The events industry beyond the pandemic

The events industry has long been a dynamic and evolving sector but COVID-19 brought about unprecedented challenges and transformations. As we navigate the post-pandemic world, it's essential to understand the current landscape and the emerging trends that will shape the future of conferences, trade fairs and other events.

The events industry encompasses a wide range of gatherings, from small corporate meetings to large-scale international conferences and trade shows. Prior to the pandemic, the global events industry was thriving, with a projected market value of over US\$1 trillion. In the United States alone, the events industry supports almost six million jobs.

However, the onset of COVID-19 brought the industry to a sudden halt, forcing event organizers to adapt and innovate through totally unknown territory. The pandemic led to the cancellation or postponement of 85% of exhibitions worldwide in 2020 — and one wonders how the other 15% managed to carry on.

### **Financial devastation in COVID's wake**

The sudden shift away from in-person events caused by the pandemic led to steep financial losses for event organizers, venues and service providers. Many companies were forced to lay off staff, restructure their operations and explore new revenue streams to stay afloat. We know of only one events company with the foresight to carry pandemic insurance, while for most others COVID proved a monumental disaster. Some survived only by the grace of their suppliers' lenient payment terms, others because their customers did not demand refunds for canceled events, paying it forward, so to speak, and confident that the universe would eventually right itself.

As the world recovers from the pandemic, the events industry is witnessing a robust return to in-person gatherings, albeit with new health and safety protocols in place.

Hybrid events, which combine in-person and virtual components, have emerged as a popular format, offering attendees greater flexibility and accessibility. Technology has also played a crucial role in the industry's recovery, with event organizers leveraging digital tools to enhance engagement, facilitate networking and create immersive experiences for attendees. Indeed, event design has become a critical component of the larger category of experiential marketing. Although it was already growing quickly in 2019, the virtual events market was only a sliver of the overall events industry. The pandemic sharply accelerated adoption of virtual tools and formats. The resulting changes in behaviors and expectations make virtual and hybrid events simply part of the way we all do business now.

Despite the challenges posed by the pandemic, the events industry has demonstrated remarkable resilience and adaptability. As the industry continues to adapt to the post-pandemic world, it's clear that the value of face-to-face interactions and the power of events to foster connections, learning and growth remain as strong as ever.

It is only this year, 2024, that the industry is returning to where it was financially in 2019, when many industry players reported record revenues. The ensuing near-death experiences of 2020 (and into 2021) profoundly changed the industry, but we concur with studies that predict a doubling of the market over the next decade.

As an events business owner considering a sale, understanding the current state of the industry and the trends shaping its future is essential. By staying informed and adaptable, you can position your business for success and maximize its value in the eyes of potential buyers.

## Chapter two —

# Are you ready for an exit?

Building your business may have been a wild ride but stability should rule the day when it comes to your exit. If your company's bottom line for the past few years resembles a New England weather report, you're probably too early to realize the value you want from a sale. But if your business is on a steady climb, the factors that often attract multiple buyers are in place, the core elements of your company no longer demand your constant attention, and you find yourself wondering what's next (whether a new start-up or the crystal waters of Bora Bora), then read on.

This is not to say that every business that gets sold is firing on all cylinders. But a quick and honest self-assessment will determine whether your events business is ready. That evaluation should cover a range of issues: how your event(s) stack up vs. the competition, engagement and loyalty of your attendees, satisfaction of your sponsors with the return on their investment, status and exploitability of your IP, the state of your financial reporting, and last but far from least, the strength of the management team.

Events businesses often have complex operations, diverse revenue streams and a heavy reliance on client relationships, all of which can significantly impact their attractiveness and value to potential buyers.

Be aware that some buyers prefer businesses with a well-balanced mix of events that span different industries, geographies and formats.

### **Standout events**

Nonetheless, companies that target a single industry or produce just a lone event can be high-value acquisitions if those events are sufficiently differentiated from the competition. What's more, it should be every organizer's goal to build their events into "must attend" vs. a "nice to attend." Buyers know that must-attend events can withstand economic traumas that wipe away lesser competitors and they are willing to pay for that advantage.



If your company is focused on a narrow niche but lacks true differentiation, consider expanding your offerings or partnering with other organizations to diversify your portfolio.

The strength of your client relationships and the loyalty of your attendee base are both critical success factors. Events businesses thrive on repeat business and word-of-mouth referrals, so demonstrating a track record of high customer satisfaction and retention is crucial. Consider implementing customer feedback surveys, testimonial campaigns and referral programs to showcase the value of your brand and the engagement of your audience. These tools are also the best way to rank and understand what your attendees want most from you: content, networking, location or something else you may not have even considered. Whatever the attendees say will help you improve the business.

### **Consider an IP audit**

In the events industry, intellectual property (IP) can also be a significant driver of value. This may include trademarks, proprietary software, databases or unique event formats. Before putting your business on the market, ensure that your IP is properly protected and documented. Investigate conducting an IP audit to identify and safeguard your most valuable assets.

When it comes to financial preparation, events businesses face unique challenges related to seasonality, cash flow and revenue recognition. It's essential to work with an accountant or financial advisor who understands the nuances of the events industry and can help you present your financial statements in the most favorable light while in accordance with generally accepted accounting principles. This may involve normalizing your financial data to account for one-time expenses, cyclical fluctuations or changes in accounting policies. But the effort can be worth it.

We also suggest that if you are not already keeping your books on an accrual basis, you strongly consider making the switch before launching a sale process. Yes, the move from cash-basis to accrual accounting will cost time and money. But think of it as an investment. Most buyers will look at your business through an accrual lens, ultimately measuring the business through that lens. It's useful when both sides speak the same financial language, and consequently, the best way to avoid misunderstandings and surprises on issues as basic as what is the EBITDA that is the basis of the buyer's offer.

Finally, don't underestimate the importance of your management team and key personnel. In the events industry, relationships are often tied to specific individuals and the loss of a critical team member can have a significant impact on the business. The departure of a key staffer during a sale process can push down the price or even scuttle the entire sale. You're no doubt aware that replacing a highly skilled employee can be very expensive and a drag on executive time and attention, so ownership and management should do what it takes to hold onto the people driving the company's success. Consider implementing retention bonuses or other incentives, including equity plans, to ensure that your most valuable employees remain committed to the company through the sale process and beyond.

## Chapter three —

# Valuing your events business

Valuing an events business requires a thorough understanding of the industry's unique dynamics and the specific factors that drive value in this sector. As your banker, we start with traditional valuation methods such as discounted cash flow and multiples analysis. Both provide useful reference points but they frequently fail to capture the full value of an events business's intangible assets and growth potential.

One key consideration is the recurring nature of many events and the predictability of future revenue streams. Events that have a long history, a loyal attendee base and a track record of consistent growth will typically command higher valuations than one-off or unproven concepts. When assessing the value of your events portfolio, we will want to consider metrics such as attendee retention rates, sponsor renewal rates and year-over-year growth in revenue and profits.

Another important factor is the scalability of your event formats and the potential for geographic expansion or replication, both domestically and around the world. Events that have a proven formula and can be easily adapted to new markets or industries will be more attractive to buyers looking for growth opportunities. You may want to commission a market research firm to explore opportunities in different geographies and in different markets.

### **Brand reputation**

In the events industry, brand reputation and market position are also critical value drivers. An event's brand reputation is a prime consideration for potential attendees. Events that are recognized as the leading gatherings in their fields or that have a strong brand identity will often command premium valuations. To showcase the strength of your brand, you should work to secure media coverage, build social media engagement and compete for industry awards or recognition.

When Oaklins Desilva+Phillips sold Advertising Week to Emerald Expositions a few years ago, the business had a high-profile brand with significant events in New York and London. Anyone in the advertising industry was aware of these shows. This brand identity helped us achieve a premium valuation for Advertising Week.

But established events don't have a monopoly on enviable valuations. Rising market segments, whether driven by emerging technologies (cryptocurrency or GLP-1 agonists), marketing methods (demand generation or ABM), or affinity groups (Snowflake developers or green-energy transition leaders) can spur the launch of new, fast-growing events. First-mover advantage can quickly confer brand equity and value, resulting in high-priced sales to larger events businesses seeking a foothold in a new industry.

When it comes to valuation methodologies, we simultaneously take multiple approaches, including comparable-company analysis. This method involves benchmarking your business against similar publicly traded companies or recent M&A transactions in the events industry. Key valuation multiples for events businesses include Enterprise Value (EV) to Revenue, EV to EBITDA and Price to Earnings (P/E) ratios. In most cases, we will also construct a Discounted Cash Flow (DCF) model that projects a valuation based on forecast earnings, taxes and cash operating needs for the company. We then triangulate these different approaches to generate a valuation range for the business. Nonetheless, it's important to recognize the limitations of all these approaches. We know that each events business is unique and the specific terms and circumstances of past deals may not be directly applicable to your situation. Consequently, we approach each events business as a distinct opportunity for discovering and promoting its own value drivers.

### **Attractive EBITDA margins**

Our longstanding experience shows that the industry has an average EBITDA margin of 15–20%, which is higher than many other service industries and which makes events companies particularly attractive to both strategic and financial buyers. (In fact, if we see an events business with profit margins much below 15%, our first instinct is to understand why margins are so thin.)

Ultimately, the value of your events business will be determined by the market and the specific buyers who are interested in acquiring your company. By working in collaboration with us, we will develop a compelling investment thesis that highlights the unique strengths and growth opportunities of your business and positions it for maximum value in the eyes of potential acquirers. This may involve identifying strategic buyers, who can realize synergies with their existing portfolio, or financial

buyers who are attracted to the recurring revenue streams and high margins of successful events businesses and strong growth potential.

Throughout the valuation process, it's important to remain realistic and grounded in market realities. While it's natural to have a strong emotional attachment to your business and a desire to maximize its value, setting unrealistic price expectations can ultimately deter buyers and prolong the sale process. By being open to feedback and market input, you can arrive at a valuation that balances your goals as a seller with the expectations of buyers in the current market environment.

### **SPECIAL CONSIDERATION: SUSTAINABILITY'S IMPACT ON SALE VALUE**

Sustainability is today an important consideration for event organizers, attendees and investors alike. As awareness of environmental issues grows, stakeholders are placing greater emphasis on the carbon footprint and sustainable practices of events. This trend has significant implications for events business owners looking to sell their companies, as we see buyers increasingly factoring sustainability into their valuation and decision-making processes.

The events industry has a significant environmental impact, with factors such as travel, energy consumption, waste generation and material use.

To address these environmental concerns, event organizers are adopting a range of sustainable practices to reduce their carbon footprint and minimize waste. These include:

- Reducing travel emissions by promoting virtual attendance options and selecting venues with good public transportation access.
- Minimizing energy consumption by using energy-efficient lighting and equipment and partnering with venues that have sustainable energy policies.
- Implementing waste-reduction strategies such as eliminating single-use plastics, donating excess food and providing recycling and composting facilities.

- Using sustainable materials for event signage, booths and giveaways, such as recycled paper, biodegradable products and reusable items.

### **Sustainability policies & practices**

Every major events business we know has designated sustainability as a key priority and most are already implementing specific sustainability policies and practices. Some have even designated chief sustainability officers, in practice if not yet in title.

So as sustainability becomes a more pressing concern for the events industry, it is also becoming a key factor in the valuation and sale of events businesses. Buyers are increasingly looking for events companies that have a proven track record of sustainable practices and a clear commitment to reducing their environmental impact. This is the case with both strategic and financial buyers, many of whom highlight the importance of ESG (environmental, social and governance) concerns when making any investment.

For events business owners looking to sell, demonstrating a strong sustainability profile can be a significant advantage in attracting buyers and maximizing value. This may involve showcasing your events' sustainability initiatives, such as waste-reduction programs, carbon-offset purchases or partnerships with eco-friendly suppliers. It may also involve investing in sustainability certifications or ratings, such as the Events Industry Council's Sustainable Event Standards or the GDS-Index.

Preparing for buyer due diligence on sustainability is essential. Potential buyers may request detailed information on your event's carbon footprint, waste generation and sustainable practices. They may also ask for documentation of your sustainability policies, certifications and initiatives. We will urge you to prepare a comprehensive sustainability profile to share with potential buyers, highlighting your event's environmental strengths and commitments.

## **SPECIAL CONSIDERATION: COLLATERAL LINES OF BUSINESS**

As an events business owner contemplating a future sale, consider how building collateral lines of business around your event(s) can diversify revenue and enhance your company's value and attraction to potential buyers. In today's dynamic market, buyers are eager to find events businesses that have expanded beyond traditional event hosting to create multiple, complementary revenue sources.

Research services are a promising avenue for diversification. Your events business is uniquely positioned to leverage its network of industry experts and speakers to create high-value research content. Consider producing comprehensive industry reports, white papers or even an annual "State of the Industry" publication that could become a must-read for professionals in your sector. Offering custom or syndicated research services to companies in your industry allows you to capitalize on your unique perspective. Creating and monetizing industry benchmarking studies can provide a high-margin product while enhancing your reputation as an industry authority – all factors that can significantly boost your company's value to potential buyers. Keep in mind, though, that producing quality research taps different skills than event production and will likely require targeted investment in experienced research professionals.

### **Leveraging digital delivery**

The rise of digital technologies presents opportunities for webinars and virtual events. Building a robust webinar program that complements your in-person events can serve as both a lead-generation tool and a standalone revenue stream through sponsorship or attendee fees.

Consider developing paid communities and membership programs to create recurring revenue streams and increase customer loyalty. Online communities that keep your audience engaged between events offer year-round value to your customers. These communities might include discussion forums, job boards or exclusive content libraries. Implementing tiered membership models with varying benefits and price points can cater to a wide range of customer needs and budgets. Offering exclusive content and networking opportunities to members not only generates additional revenue but also strengthens your company's position as an indispensable industry resource — a highly attractive feature for potential buyers.

Content marketing and media production represent another promising area for diversification. Podcasts or video series can showcase your expertise and keep your audience engaged between events. These can be monetized through sponsorships or used as marketing tools to drive event attendance. Creating and monetizing e-learning courses and certifications related to your industry can provide a high-margin revenue stream and position your company as an educational leader in the sector.

Data and analytics services represent another high-value opportunity for diversification. Events can gather considerable amounts of valuable data which can be packaged and sold as industry insights. Offering data analysis and visualization services can help other companies in your industry make sense of their data. Predictive analytics tools can use industry data to provide forward-looking insights that can be sold as a premium service, further enhancing your company's value proposition.

### **In line with the core**

When implementing these diversification strategies, assess which collateral services align best with your core events business. Not every opportunity will be right for your company, so it's important to maintain focus on primary revenue drivers while expanding into new areas.

Diversified revenue streams can lead to higher valuations due to reduced risk and increased growth potential. Different types of buyers may value diverse revenue streams differently; for instance, private equity buyers might be particularly attracted to recurring revenue from membership programs, while strategic acquirers might place higher value on complementary services that they can integrate into existing operations.

Be prepared to communicate the value of your multi-faceted business model to buyers. This includes presenting financial information and growth projections for each revenue stream, demonstrating how your different business lines complement and reinforce each other, and highlighting the overall stability and growth potential that diversification provides.



## **SPECIAL CONSIDERATION: HARNESSING THE POWER OF AI**

As an events owner in an age of sweeping technological change, you need to understand how artificial intelligence (AI) can enhance your company's value and attractiveness to potential buyers. AI is already revolutionizing event planning and management by boosting operational efficiency, elevating attendee experiences and driving revenue growth.

This chapter offers a sampling of ways that AI can be applied across the events industry. Some use cases that may seem exotic or futuristic, but smart event owners understand that because AI technologies are evolving at almost unfathomable speed, you must keep your eye on this ball because the future is now.

It's important to note that while AI offers tremendous potential, its implementation should be strategic and aligned with your business goals. Not every AI solution will be right for every business and careful consideration should be given to the specific needs and challenges of your organization.

### **Finding obscure patterns**

AI algorithms can analyze historical data, attendee preferences and external factors to optimize venue selection and event scheduling. For instance, an AI system might reveal that hosting your technology conference in Austin during March could increase attendance by 15%. This level of data-driven decision-making not only improves event outcomes but also showcases to potential buyers your commitment to leveraging technology for business growth.

Networking is a cornerstone of trade fairs and conferences. Generative AI can facilitate better networking by matching attendees with similar interests or complementary business goals. AI algorithms can analyze data from registration forms, social media profiles and past event interactions to suggest potential connections, thereby maximizing the networking value of your events. This is a key factor in attendee satisfaction and retention, metrics that smart buyers will scrutinize closely.

One of the most labor-intensive aspects of organizing events is creating and curating content. Generative AI can assist in writing promotional materials, designing marketing graphics and even generating video content. For example, AI tools

can draft personalized email campaigns, social media posts and blog articles that target specific audience segments, saving time and ensuring consistency in your messaging. Tools such as ChatGPT and Claude can generate initial drafts of event descriptions, session summaries and marketing materials, saving time and ensuring consistency. AI can also assist in speaker selection and topic generation by analyzing industry trends and attendee feedback, ensuring your event content remains cutting-edge.

Generative AI can process vast amounts of data in real time, providing valuable insights during and after the event. AI-powered analytics can track attendee behavior, session popularity and engagement levels, offering actionable feedback that can be used to improve future events. Real-time sentiment analysis of social media mentions and survey responses can also help in quickly addressing any issues or concerns.

AI can also analyze attendee data to create highly personalized experiences. For instance, AI-driven chatbots can provide tailored recommendations for sessions, exhibitors and networking opportunities based on individual preferences and past behavior. This level of personalization can significantly enhance attendee satisfaction and engagement, making your events more memorable and valuable.

### **Vision technologies**

Facial recognition technology can streamline the check-in process, enhance security and personalize attendee experiences. It can also monitor attendee engagement and emotions during sessions, providing valuable feedback. Additionally, computer vision can analyze images and videos from events to identify popular areas, high-traffic zones and attendee behavior patterns, which can be used to optimize event layout and improve the overall flow.

AI technology can also be employed to detect fraudulent activities, such as fake registrations or ticket sales, by identifying unusual patterns in data. This ensures the integrity and security of the event. And drones equipped with AI can be used for aerial photography, crowd monitoring and security surveillance, providing unique perspectives and ensuring the safety and smooth running of large events.

While integrating AI offers numerous benefits, it's important to consider implementation challenges and ethical considerations. Carefully weigh the costs of AI solutions against the potential return on investment. Sophisticated AI solutions can cost tens of thousands of dollars annually, so it's crucial to carefully assess the potential ROI before investing. Ensure compliance with data privacy regulations such as GDPR when implementing AI systems and address ethical considerations such as fairness and avoiding bias in algorithms. Effective change-management strategies are crucial when introducing AI into your existing processes.

From a valuation perspective, AI integration can lead to increased efficiency, improved customer experience and enhanced data assets — all factors that positively impact valuation. By improving attendee experiences, streamlining operations and providing valuable insights, AI can transform your business and position it for a successful sale. When you decide to sell, be prepared to effectively communicate the value of your AI investments to potential buyers. Highlight key AI capabilities such as predictive analytics, personalization features and scalable AI-driven processes, all of which strategic and financial buyers typically value highly.

## Chapter four —

# Developing an exit strategy

When developing an exit strategy for your events business, we believe it is crucial to align your personal and professional objectives.

Consider factors such as your desired level of involvement post-sale, the future direction you envision for the company and your financial goals.

Assess your personal readiness for a sale, including your emotional attachment to the business, your retirement plans and your family's needs. Developing a personal, post-transaction game plan, especially if you are no longer involved with the business after the sale, is essential to leaving without regrets.

### **A long-term perspective**

Timing the sale of your events business is critical to maximizing its value. We will help you think through the issues. Remember that while an event may last just a day, advance planning for that event can easily run 12–18 months, so you need to take a long-term perspective. Factors to consider include the overall health of the economy, the state of the events industry and your company's recent performance. In the events industry, it's essential to consider the timing of your flagship events and the renewal cycles of key contracts.

Analyze your events portfolio and identify the optimal time to sell based on factors such as:

- The growth trajectory and market position of your flagship events.
- The length and renewability of key sponsor and exhibitor contracts.
- The cyclical nature of your event revenue streams (e.g., annual or biennial events).
- The seasonality of your cash flows and working capital needs.

When exploring exit options, consider the unique aspects of the events industry.

Common exit options include:

- **Outright sale to a strategic buyer:** Selling to a larger events company, media conglomerate or industry association can provide immediate liquidity and the opportunity to leverage the buyer's resources and networks.
- **Merger with a complementary events business:** Merging with another events company can help you expand your offerings, enter new markets and achieve economies of scale.
- **Sale to a financial buyer:** Selling to a private equity firm, family office or other financial buyer can provide significant long-term financial rewards but may also require your continued management of the business for several years post-sale. Private equity has acquired many of the industry's flagship enterprises in recent years, so a sale to a strategic buyer may actually be a sale to a PE-firm.
- **Management buyout (MBO):** An MBO allows your existing management team to acquire the business, ensuring continuity and preserving your company's culture and relationships.

### Building a timeline

Establishing a clear timeline for the sale of your events business is essential to keep the process on track and ensure a successful outcome. We advise sellers to anticipate at least six months from start to finish.

Selling an events business is a complex undertaking that requires a team of experienced professionals. In addition to your investment banker, where we will help you quarterback the team, you will also need:

- **Legal counsel:** An attorney with experience in M&A transactions will help draft and negotiate legal agreements, ensure compliance with regulatory requirements and protect your interests throughout the sale process. If this is your first time selling a business, chances are you don't know any M&A lawyers. Keep in mind that just as you wouldn't go to a dermatologist for a cardiac issue, you don't go to a lawyer who works in real estate, divorce or white-collar crime to handle the sale

of your business. We can direct you to many experienced M&A attorneys for you to consider.

- **Tax advisor:** A tax professional should help structure the transaction to minimize your tax liability and ensure compliance with relevant tax laws.
- **Wealth manager:** A wealth manager can help you invest the proceeds from the sale and develop a long-term financial plan aligned with your personal goals.

### **SPECIAL CONSIDERATION: HEALTHCARE AND LIFE-SCIENCE EVENTS**

The healthcare and life-science events industry is a unique sector that requires a deep understanding of the regulatory, compliance and market dynamics that shape the landscape. Events business owners operating in this space must navigate a myriad of challenges and opportunities when preparing for a sale, from ensuring compliance with industry-specific regulations to showcasing the value of their scientific content and audience engagement.

Healthcare and life-science events, such as medical conferences, pharmaceutical trade shows and scientific symposia play a vital role in advancing innovation, education and collaboration in the healthcare industry. These events serve as critical platforms for healthcare professionals, researchers, policymakers and industry leaders to:

- Share cutting-edge research and clinical trial results
- Discuss best practices and evidence-based guidelines
- Showcase the latest technologies, treatments and innovations
- Engage in networking and partnership opportunities
- Earn continuing medical education (CME) credits and maintain licensure

### Different factors

Healthcare events are growing at a similar pace as the rest of the events industry and are driven by several other factors, including:

- The increasing prevalence of chronic diseases and the need for ongoing medical education and training
- The rapid pace of technological and scientific innovation
- The growing importance of patient-centered care and personalized medicine
- The demand for more efficient and effective ways to disseminate research and best practices
- The globalization of the healthcare industry and the need for international collaboration and knowledge-sharing

A complex web of regulations and compliance requirements govern healthcare events and are designed to ensure the integrity, transparency and independence of medical education and to prevent undue influence or bias from commercial interests. Failure to comply with these regulations can result in significant financial penalties, reputational damage and legal liability. Some of the key regulatory and compliance issues that these healthcare events business owners must navigate include:

- **The Sunshine Act:** This federal law requires pharmaceutical and medical device companies to report any payments or transfers of value made to healthcare providers, including speakers, consultants and attendees at medical events. Events business owners must ensure that their sponsor and exhibitor relationships are properly disclosed and reported.
- **The PhRMA and AdvaMed Code:** These industry codes provide guidelines for appropriate interactions between healthcare professionals and representatives from pharmaceutical and medical device companies at medical events. Events business owners must ensure that their events comply with these guidelines, including restrictions on gifts, meals and entertainment.

- **The ACCME Standards for Integrity and Independence in Accredited Continuing Education:** These standards set forth the requirements for the delivery of unbiased, evidence-based and commercially independent CME content. Events business owners must ensure that their educational programming meets these standards and is free from commercial influence or bias.
- **HIPAA and Data Privacy Regulations:** Healthcare and life-science events often involve the collection, use and disclosure of sensitive patient and attendee data. Events business owners must ensure that their data management practices comply with the Health Insurance Portability and Accountability Act (HIPAA) and other relevant data-privacy regulations.

## Regulatory compliance

When preparing for a sale, healthcare and life-science events' owners must be able to demonstrate a strong track record of regulatory compliance and a robust compliance-management program.

Prioritizing regulatory compliance and building a culture of integrity and transparency can enhance the value and attractiveness of these businesses to potential buyers.

Another key consideration for healthcare and life-science events owners preparing for a sale is the ability to demonstrate the value and impact of their scientific content and audience engagement. In an industry driven by the pursuit of knowledge and innovation, the quality and relevance of an event's educational programming and the depth of its attendee engagement are critical drivers of success and value.

When valuing a healthcare or life-science events business, potential buyers will closely examine factors such as the strength and diversity of each event's healthcare professional audience, including key opinion leaders, researchers and practitioners, and the quality and relevance of the event's scientific content, including the caliber of speakers, the rigor of the peer-review process and the alignment with current research and clinical priorities.

By clearly articulating the value and impact of their scientific content and audience engagement, healthcare and life-science events business owners can differentiate themselves in a competitive market.



## **SPECIAL CONSIDERATION: HOSTED-BUYER EVENTS**

Hosted-buyer events have become increasingly popular, offering a unique value proposition for both buyers and sellers. These events typically involve pre-scheduled one-on-one meetings between pre-qualified buyers and relevant suppliers, thus providing a highly targeted and efficient platform for business development and relationship building.

For events business owners looking to sell a hosted-buyer event, it is crucial to highlight the unique value proposition and effectiveness of this format in delivering measurable ROI for both buyers and suppliers. This can include data points such as:

- The average number of pre-scheduled meetings per buyer and supplier
- The percentage of buyers who report making a purchase or booking because of the event
- The average deal size or revenue generated per supplier because of the event
- Buyer and supplier satisfaction rates and testimonials

### **Curating the audience**

One of the critical success factors for hosted-buyer events is the careful curation and qualification of the buyer audience. Unlike traditional trade shows or conferences, hosted-buyer events typically involve a rigorous application and vetting process to ensure that only genuine decision-makers with relevant purchasing intent and authority are invited to participate.

When selling a hosted-buyer events business, it is important to emphasize the robustness and effectiveness of the buyer-qualification process, which can include factors such as:

- Minimum purchasing authority or budget requirements
- Specific product or service categories of interest

- Documented sourcing needs or project timelines
- Commitment to attend all scheduled meetings and events

Hosted-buyer events rely heavily on technology platforms and data management systems to facilitate the complex process of buyer-supplier matching, meeting scheduling and communication. When selling a hosted-buyer events business, it is important to highlight the sophistication and effectiveness of the technology infrastructure in place, which can include:

- Proprietary matching algorithms and preference ranking systems
- Mobile apps and real-time communication tools for buyers and suppliers
- Post-event reporting and analytics dashboards for measuring ROI
- Integration with CRM and marketing automation systems

Indeed, buyers cite the ease and efficiency of the meeting scheduling process as a top factor in their decision to participate in these events.

### **Growth opportunities**

When selling a hosted-buyer events business, it is important to highlight the potential for expansion and growth, both in terms of geographic reach and industry verticals. Hosted-buyer events have proven to be a scalable and replicable format, with many successful examples of regional and international expansion. Key growth opportunities to highlight can include:

- Expansion into new geographic markets or regions
- Launch of new industry-specific or niche-focused events
- Development of year-round engagement and content platforms
- Diversification into related service offerings, such as consulting or matchmaking services

As with all events businesses, hosted-buyer specialists can build collateral revenue streams. We sold a hosted-buyer business focused on the corporate transition to green energy that enhanced its appeal by also running webinars and conducting industry research.

Selling a hosted-buyer events business requires a nuanced understanding of the unique dynamics and success factors of this format. By highlighting the value proposition, buyer qualification process, technology infrastructure and growth potential of the business, owners of hosted-buyer events can position themselves for a successful exit and thus maximize the value of their assets.

### **SPECIAL CONSIDERATION: SUPPLIERS AND SUPPORT COMPANIES**

The events industry encompasses a wide range of businesses, including not only the event organizers and venues but also the numerous suppliers and support companies that provide essential products, services and technologies to enable successful events. These suppliers and support companies play a critical role in the industry's ecosystem and often present attractive M&A opportunities themselves.

We categorize event-industry suppliers and support companies into several key segments, each with its own unique value proposition and M&A dynamics:

- **Event technology providers:** These companies offer software solutions for event registration, attendee management, mobile apps, virtual and hybrid event platforms, and data analytics.
- **Event marketing and communications agencies:** These firms specialize in helping event organizers promote their events, attract attendees and engage with their target audiences through various marketing channels, such as social media, email, content creation and public relations.
- **Exhibit and display manufacturers:** These companies design, fabricate and install custom exhibits, booths and displays for trade shows, conferences and other events.

- **Event staffing and talent agencies:** These agencies provide temporary staffing solutions for events, including registration personnel, brand ambassadors and event coordinators.
- **Event production and audio-visual (AV) companies:** These companies offer technical production services, such as stage design, lighting, sound and video production for live events.
- **Event logistics and transportation providers:** These companies specialize in the transportation and logistics of event materials, exhibits and equipment, as well as providing travel and accommodation services for attendees.

The event supplier and support segment presents several compelling drivers and opportunities for M&A activity. For one, the industry is highly fragmented and offers opportunities for larger companies to acquire smaller, niche players to gain market share, expand their service offerings and achieve economies of scale. Against this background, event organizers increasingly seek comprehensive, end-to-end solutions from their suppliers to streamline operations, reduce costs and enhance the attendee experience. Smart acquisitions also allow buyers to:

- Expand into new geographic markets, gain access to new customer bases and tap into growth opportunities in emerging regions.
- Acquire new technologies, platforms and intellectual property to stay competitive and meet evolving customer needs.
- Secure skilled talent, such as software developers, data scientists or creative professionals to enhance in-house capabilities and drive innovation. Buying a company with a strong talent pool can be more efficient than recruiting and training new employees from scratch.

## Chapter five —

# Marketing your business to potential buyers

When marketing your events business, we will identify potential buyers who are the best fit for your company. Strategic buyers may include larger event organizers looking to expand their portfolio or enter new markets, trade associations seeking to acquire events that serve their member base, media companies aiming to diversify their revenue streams through live events, and outliers from other industries where acquiring a conference or trade fair could enhance their overall business performance.

Financial buyers, such as private equity firms or family offices, may be attracted to the recurring revenue streams and growth potential of successful events businesses. As we noted earlier, these buyers often seek to acquire profitable, well-established events with a loyal customer base and strong brand recognition.

### Qualifying potential buyers

We will work with you to develop a targeted list of potential buyers based on criteria such as a prospect's strategic fit with your event portfolio and target audiences, their financial capacity to execute the transaction, a track record of successful acquisitions in the events industry and cultural alignment with your organization's values and mission.

By focusing your marketing efforts on a carefully curated list of buyers, you can increase the likelihood of finding the right partner and concluding a successful transaction.

We will work with you to prepare a Confidential Information Memorandum (CIM) that showcases the value proposition and unique strengths of your events business to potential buyers.

Key elements to include in the CIM are:

- Overview of your events portfolio, including flagship events, target audiences and key metrics such as attendance, exhibitor count and revenue growth

- Analysis of your market position, including market share, competitive landscape and barriers to entry
- Financial performance, including historical revenue and profitability, key drivers of growth and future projections
- Growth opportunities, such as geographic expansion, new event launches or digital product offerings
- Proprietary assets, such as event brands, databases, content libraries and technology platforms

Emphasizing the strength and value of your event brands in the CIM is crucial to attracting buyer interest. Your CIM should also include a compelling investment thesis that articulates the unique value-creation opportunity for potential buyers. This may include opportunities for revenue synergies, cost savings or accelerated growth through the buyer's resources and networks.

### **Silence is golden**

Maintaining confidentiality throughout the sale process is critical to avoiding disruption to your operations and relationships. A breach of confidentiality can lead to employee turnover, customer attrition and competitive threats that can erode the value of your business. We will help you implement strict confidentiality protocols, such as:

- Requiring potential buyers to sign non-disclosure agreements (NDAs) before receiving sensitive information
- Establishing a secure virtual data room to share due diligence materials with vetted buyers
- Limiting the involvement of employees and other stakeholders until a transaction is near closing

You can expect us to manage the overall sale process, which includes:

- Developing a compelling marketing strategy to generate buyer interest
- Contacting and qualifying potential buyers based on your target criteria
- Coordinating management presentations and, if necessary, site visits with interested buyers
- Soliciting and evaluating initial offers and indications of interest
- Conducting a competitive bidding process to drive up valuation and secure favorable deal terms
- Negotiating key terms of the transaction, such as purchase price, deal structure and post-closing commitments

According to a study by Fairfield University, businesses that engage an experienced investment banker receive an average of 20% higher sale price compared to those that do not. Part of that comes from helping our clients avoid common pitfalls, such as undervaluing their business, agreeing to unfavorable terms, or failing to create a competitive bidding environment.

You can also expect us to bring significant value to the marketing process beyond just financial analysis and negotiation support as we:

- Identify and engage with the most likely strategic and financial buyers for your business
- Provide guidance on industry trends, valuation multiples and recent M&A transactions
- Position your business for maximum value based on the current market environment and buyer preferences
- Navigate the unique challenges and opportunities of the events industry, such as the impact of virtual and hybrid events, changing sponsor and exhibitor needs, and evolving attendee expectations

## SPECIAL CONSIDERATION: THE BUYERS' POINT OF VIEW

Best-selling business authors, from Dale Carnegie to Herb Cohen to Roger Fisher, all highlight the benefit of getting inside the head of whoever is sitting across the table in a negotiation. This goes for whether you're buying a house, looking to free hostages or selling an events business. So, let's peek inside the brains of two events buyers: first a strategic buyer, then a private-equity acquirer. After they each speak their mind, we'll create a scorecard of sorts for sellers to consider when deciding which type of buyer is likely better for them.

### The strategic buyer

*As the head of strategy and corporate development for a large company that owns a portfolio of events, my approach to acquiring additional events is guided by a well-defined set of criteria and a strategic vision for how each potential acquisition fits into our overall growth plan.*

*First and foremost, I focus on the market opportunity presented by the event that is for sale. This involves a thorough analysis of the event's target audience, its historical performance and its potential for future growth.*

*Key factors to consider would include:*

- **Market size and growth potential:** *How large is the addressable market for this event and what are the projected growth rates for the industry or sector it serves? Is there untapped potential to expand the event's reach or attract new segments of attendees and exhibitors?*
- **Competitive landscape:** *Who are the key competitors in this space and how does this event differentiate itself in terms of content, format, audience or value proposition? Is there a clear opportunity to gain market share or to establish a leadership position through this acquisition?*
- **Revenue streams and profitability:** *What are the event's primary sources of revenue (e.g., attendee registrations, exhibitor fees, sponsorships) and how have these revenue streams performed over time? Is the event currently profitable and are there opportunities to optimize costs or increase revenue post-acquisition?*



- **Macroeconomic and regulatory factors:** Are there any external factors, such as economic conditions, technological disruptions, or regulatory changes — positive or negative — that could impact the long-term viability or growth potential of the event?

At the same time, I carefully consider the strategic fit of the potential acquisition. This involves assessing how well the event aligns with our company's overall mission, values and growth objectives. Some key considerations include:

- **Portfolio complementarity:** Does this event complement or enhance our existing portfolio of events in terms of industry focus, geographic reach or audience profile? Are there opportunities for cross-selling, co-marketing or other synergies that could drive incremental value?
- **Brand alignment:** Is the event's brand and reputation consistent with our company's brand identity and values? Will the acquisition strengthen or dilute our overall brand equity in the market?
- **Talent and expertise:** Does the event have a strong and experienced management team that can be retained post-acquisition? Are there opportunities to leverage the event's expertise or relationships to drive value in other parts of our business?
- **Integration potential:** How easily can the event be integrated into our existing operations and infrastructure? Are there any significant cultural, technological or operational barriers to a successful integration?

Other important factors I consider when evaluating potential event acquisitions:

- **Financial performance and valuation:** What is the event's historical financial performance and how does it compare to industry benchmarks or our own internal targets? What is the proposed valuation for the acquisition and how does it compare to recent comparable transactions in the market?

- **Integration:** *What is our post-acquisition integration plan and how will we ensure a smooth transition of ownership and operations?*
- **Stakeholder alignment:** *How well does the acquisition align with the interests and expectations of our key stakeholders, including our board of directors, investors, employees and customers? Have we effectively communicated the strategic rationale and benefits of the acquisition to these stakeholders?*

### The financial buyer

*As the Managing Partner of a large private-equity firm, my approach to acquiring events businesses is driven by a keen focus on financial performance, growth potential and risk management. Our firm's objective is to identify attractive investment opportunities in the events industry that offer strong returns for our investors and align with our overall investment strategy.*

*When evaluating potential event acquisitions, we prioritize the following factors:*

- **Financial performance and growth potential:** *We conduct a thorough analysis of the event's historical financial performance, including revenue growth, profitability and cash-flow generation. We also assess the event's future growth potential based on factors such as market size, competitive positioning and opportunities for expansion or diversification. Our aim is to identify events with a proven track record of financial success and a clear path to continued growth and value creation.*
- **Scalability and operational efficiency:** *We are particularly interested in events that have the potential for significant scalability and operational-efficiency improvements. This could include opportunities to streamline operations, reduce costs or leverage technology to drive productivity and growth. We would work closely with the event's management team to identify and execute on these opportunities post-acquisition.*
- **Management team strength and alignment:** *The quality and experience of the event's management team would be a critical factor in our investment decision. We seek out management teams with a proven track record of success in the events industry, strong leadership skills and a shared vision for the future of the business. We look for opportunities to align the interests of management with our own through equity incentives and performance-based compensation structures.*

- **Market dynamics and competitive landscape:** We carefully assess the market dynamics and competitive landscape for each potential event acquisition. This includes an analysis of the event’s target audience, key competitors and potential barriers to entry. We also consider broader industry trends and disruptions that could impact the long-term viability and growth potential of the event.
- **Exit potential and return on investment:** As a private equity firm, our ultimate goal is to generate attractive returns for our investors through a successful exit. When evaluating potential event acquisitions, we carefully consider the potential exit strategies available to us, such as a strategic sale or an initial public offering (IPO). We also conduct a thorough analysis of the expected return on investment based on our valuation of the business and our projected growth and profitability targets.

In addition to these key factors, we also emphasize risk management throughout the acquisition process. This includes conducting extensive due diligence on the event’s financials, legal and regulatory compliance and operational risks. We also work closely with our legal and financial advisors to structure the transaction in a way that minimizes our exposure to potential liabilities and maximizes our flexibility and control post-acquisition.

Once we identify an attractive event acquisition opportunity and complete our due diligence, we move quickly to execute the transaction and begin implementing our value-creation plan. This typically involves working closely with the event’s management team to drive operational improvements, pursue growth initiatives and optimize the business’s financial performance.

Throughout the hold period, we regularly monitor the event’s performance against our investment thesis and adjust our strategy as needed to ensure that we are on track to achieve our targeted returns. We also work to build strong relationships with key stakeholders, such as sponsors, exhibitors and industry partners, to support the long-term success and value of the business.

Ultimately, our approach to event acquisitions as a private-equity firm is guided by a disciplined focus on financial performance, growth potential and risk management. By leveraging our industry expertise, operational capabilities and financial resources, we aim to create significant value for our investors while supporting the long-term success and growth of the events businesses in which we invest.

Based on what each of our two buyers said (and some things they didn't say), event owners should enter a sale process understanding that strategic buyers and private equity (PE) buyers often have different approaches and priorities.

Here are some of the key differences between the two:

### Investment horizon and exit strategy

- Strategic buyers typically have a longer-term investment horizon and may view the acquisition as a permanent addition to their company. They are typically more focused on the strategic fit and synergies with their existing business.
- PE buyers, on the other hand, usually have a shorter investment horizon (typically 3–7 years) and are focused on achieving a profitable exit within that time frame. They may prioritize opportunities for rapid growth, operational improvements and cost savings that can drive up the value of the business for a future sale or IPO.

### Valuation and financial metrics

- Strategic buyers often place a higher value on the strategic fit and potential synergies of the acquisition and may be willing to pay a premium for an event that aligns closely with their existing portfolio or growth objectives.
- PE buyers are typically more focused on financial metrics such as EBITDA, cash flow and return on investment. They may be more disciplined in their valuation approach and may seek to acquire events at a lower multiple relative to their growth potential.

### Operational involvement and expertise

- Strategic buyers may have more industry-specific expertise and operational capabilities that they can leverage to drive value in the acquired business. They may be more hands-on in terms of integrating the event into their existing operations and driving synergies.

- PE buyers may have more general operational expertise and may be more focused on implementing best practices and driving efficiencies across the business. They may bring in outside experts or consultants to support operational improvements and may be more willing to make significant changes to the business model or management team.

### Growth strategy and resources

- Strategic buyers may prioritize acquisitions that can help them expand into new markets, diversify their product offerings or enhance their competitive position. They may have more resources and capabilities to support organic growth initiatives.
- PE buyers may be more focused on driving rapid growth through operational improvements, bolt-on acquisitions and geographic expansion. They may also have more financial resources and flexibility to support these growth initiatives.

### Risk tolerance and due diligence

- Strategic buyers may be more risk-averse and may place a higher emphasis on due diligence and cultural fit when evaluating potential acquisitions. They may be more concerned about potential reputational risks or conflicts with their existing business.
- PE buyers may be more comfortable with taking on higher levels of risk in pursuit of higher returns. They may be more focused on financial and operational due diligence and may be more willing to acquire businesses with complex or challenging dynamics.

Your decision between a strategic and financial buyer should align with your personal goals, financial objectives and long-term vision for the business. Let's delve into the details of selling to strategic versus PE buyers.

### Selling to strategic buyers — the upside

- Strategic buyers often have deep industry knowledge and experience in the events space. They may have existing relationships with key stakeholders, such as sponsors, exhibitors and attendees, which can help accelerate the growth and success of your event post-acquisition. Additionally, strategic buyers may be able to realize significant synergies by integrating your event into their existing portfolio, such as cross-selling opportunities, cost savings and increased bargaining power with suppliers.
- Strategic buyers typically have a longer-term investment horizon and may view your event as a permanent addition to their portfolio. This can provide greater stability and job security for your employees and may allow for a more gradual and seamless transition of ownership and operations.
- Selling to a well-established strategic buyer can provide your event with instant brand recognition and credibility in the market. Strategic buyers may also have more extensive resources, such as marketing and sales teams, technology platforms and industry relationships, which can help support the growth and success of your event.
- If your event is a strong strategic fit with a particular buyer’s existing portfolio or growth objectives, they may be willing to pay a higher price or offer more favorable deal terms to secure the acquisition.

### Selling to strategic buyers — the downside

- Selling to a strategic buyer may result in a loss of control and autonomy over the future direction and operations of your event(s). The buyer may have their own vision and priorities for the business, which may not align with your own.
- Integrating your event into a larger corporate structure can come with cultural challenges and operational complexities. There may be differences in management styles, decision-making processes and organizational values, which can create friction and difficulty in realizing the full potential of the acquisition.

- In some cases, strategic buyers may look to consolidate or streamline operations post-acquisition, which could result in layoffs or restructuring of your existing team.

### Selling to PE buyers — the upside

- PE buyers often have significant financial resources and operational expertise that they can leverage to drive growth and profitability in your business. They may be able to provide the capital and support needed to expand into new markets, launch new products or services, or invest in technology and infrastructure.
- PE buyers are typically focused on maximizing the value of their investment over a relatively short time horizon (usually 3–7 years). As a result, they may be more aligned with your interests in driving rapid growth and profitability in the business.
- If your event performs well under PE ownership and achieves a successful exit, you may have the opportunity to realize a significant financial upside through earn-outs, equity rollovers or other performance-based incentives.
- Depending on the PE firm and the terms of the deal, you may be able to maintain a greater degree of control and autonomy over the operations and direction of your events post-acquisition. PE buyers may be more focused on supporting and empowering the existing management team rather than imposing their own vision or strategy.

### Selling to PE buyers — the downside

- PE buyers are often focused on achieving rapid growth and profitability within a relatively short time horizon. This can create pressure to make short-term decisions that may not be in the best long-term interests of the business or its stakeholders. There may also be a greater emphasis on cost-cutting and operational efficiency, which could impact company culture and employee morale.
- Selling to a PE buyer can often involve a more complex and lengthy due diligence and negotiation process compared to selling to a strategic buyer. PE buyers may have more stringent requirements around financial reporting, legal and regulatory compliance, and operational metrics, which can be time-consuming and resource-intensive for the seller.

- If your event is successful under PE ownership, it may be sold again to another PE firm or a strategic buyer within a relatively short time frame. This can create uncertainty and disruption for employees and stakeholders who may need to adapt to multiple ownership transitions in quick succession.
- Some PE firms may have a reputation for aggressive cost-cutting, layoffs or other practices that can be perceived negatively by employees, customers or other stakeholders. It's essential to carefully evaluate the reputation and track record of any potential PE buyer and consider the potential impact on your event's brand and relationships.

Ultimately, the decision to sell to a strategic or PE buyer will depend on purchase price and deal terms as well as your specific goals, circumstances and priorities as a seller. We will help you evaluate the potential upsides and downsides of each type of buyer and negotiate the best possible terms and outcomes for your business.



## Chapter six —

# Negotiating the deal

When negotiating the sale of your events business, it's essential to have a clear understanding of the key terms and conditions that will shape the final agreement. These terms and conditions can have a significant impact on the overall value and structure of the deal, as well as your ongoing obligations and liabilities after the sale. In the events industry, some of the most critical elements to consider include:

- **Purchase price and payment structure:** The purchase price is the most fundamental term of any acquisition agreement, representing the total consideration to be paid by the buyer to the seller. In the events industry, purchase prices are often based on a multiple of the business's EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) or its revenue.

The payment structure of the deal can also have significant implications for the seller, affecting the timing and certainty of the proceeds. Common payment structures in events business acquisitions include:

- All-cash deals, where the entire purchase price is paid upfront at closing
  - Stock or equity deals, where the seller receives shares in the buyer's company as part of the consideration
  - Earn-out deals, where a portion of the purchase price is contingent on the business achieving certain performance milestones after the sale. Earn-outs introduce additional risk and complexity to a deal, but they can be an effective way to bridge the gap between the buyer's and seller's valuation expectations. Buyers also use them to keep seller management in place and focused on growth and profitability under the new ownership. We look to make sure that earn-out targets are easily measurable, clearly understood by seller and buyer, reasonable in duration and achievable.
- **Indemnification and liability allocation:** Indemnification clauses are designed to allocate responsibility for potential liabilities or losses that may arise after the sale. Buyers will typically seek to include broad indemnification provisions that shift more liability to the seller, while sellers will seek to limit their indemnification obligations and cap their potential exposure.

We work closely with your legal counsel to limit your liability to nothing more than standard industry practices. In the events industry, common indemnification issues may include:

- Intellectual property infringement claims related to event branding, content or technology
  - Contractual disputes or breaches with venues, suppliers or customers
  - Employment-related claims, such as wrongful termination or discrimination lawsuits
  - Tax liabilities or audits related to the business's historical financial reporting
- **Non-compete and non-solicitation agreements:** Non-compete and non-solicitation agreements are designed to protect the buyer's investment by preventing the seller from starting a competing business or poaching customers or employees after the sale. In the events industry, these agreements can be particularly important given the relationship-driven nature of the business and the value of the seller's personal connections and expertise.

We sold one client's events business to Dow Jones & Co. Because the founder had such a high profile, Dow Jones insisted upon an unusually long non-compete of five years. Allowing him to return to the market with a similar business any earlier would have jeopardized the business Dow Jones had acquired. Our client started a new event in a different industry without interfering with the business he sold.

Recent government rulings have sharply limited the enforceability of non-compete agreements and litigation and appeals are already underway. Whatever the state of those issues, we will work with your legal counsel to balance risks and rewards.

- **An appropriate negotiation strategy:** To achieve the best possible outcome in your events business sale, it's essential to develop a negotiation strategy that maximizes value and minimizes risk. With decades of experience, we can tailor a strategy to your company's specific needs. But some key elements of an effective negotiation strategy will inevitably include:

- Structuring the deal for maximum value: Our primary goal is to maximize the overall value and minimize your ongoing risks and liabilities. This may involve negotiating for a higher upfront cash payment, including performance-based earn-outs to share in the future growth of the business, or structuring the deal as a stock or equity transaction to defer taxes and participate in the buyer's long-term success.
- Negotiating favorable post-closing terms: In addition to the financial terms of the deal, it is essential to negotiate favorable post-closing terms that protect your interests and ensure a smooth transition of ownership. This may include securing employment or consulting agreements for key personnel, obtaining long-term contracts or commitments from key customers or suppliers and negotiating for ongoing support and resources from the buyer to help the business continue to grow and succeed.
- Leveraging multiple offers and counteroffers: Our goal for running your sale process is to create a competitive bidding environment and drive up the overall value and favorable terms of the deal. This can involve developing a strategic response to each offer, making counteroffers to extract additional concessions or improvements, and using the threat of alternative buyers to create urgency and pressure on the preferred buyer.

Negotiating the sale of an events business is a high-stakes and complex process that requires a deep understanding of the industry, the market and the unique dynamics of each transaction. Having our experts by your side during these negotiations can be a significant advantage, providing valuable insights, guidance and support throughout the process.

## Chapter seven —

# Navigating the due diligence process

Due diligence is a critical phase in the sale process, during which potential buyers will thoroughly examine your events business to assess its financial health, legal standing, operational efficiency and growth potential. In the events industry, key areas of focus during due diligence include:

- **Events portfolio:** Buyers will closely scrutinize your events portfolio, including the performance history, market position and growth potential of your flagship events. They will also assess the diversification of your portfolio across different industries, geographies and event formats.
- **Attendee and exhibitor data:** Buyers will analyze your attendee and exhibitor data to understand the demographics, loyalty and purchasing behavior of your audience. They will also assess the quality and depth of your customer database as a valuable asset for future marketing and growth initiatives.
- **Revenue and expense trends:** Buyers will examine your financial performance, including revenue growth, profitability and cash-flow trends. They will also assess the stability and predictability of your revenue streams, such as attendee registrations, exhibitor fees and sponsorship deals.
- **Contracts and agreements:** Buyers will review your contracts and agreements with venues, suppliers, speakers and other key partners to understand your legal obligations and potential liabilities. They will also assess the transferability and assignability of these contracts in the context of an acquisition.
- **Intellectual property:** Buyers will evaluate your intellectual property assets, such as event brands, trademarks, domain names and proprietary software, to understand their value and potential for future monetization.
- **Staffing and organizational structure:** Buyers will assess the strength and depth of your management team, as well as the overall organizational structure and staffing levels of your events business. They will also consider the potential impact of the acquisition on employee retention and cultural alignment.

To navigate the due diligence process successfully, it's essential to have your business records and data well-organized and easily accessible. We will create a secure virtual data room to store and share key documents with potential buyers, such as:

- Financial statements and tax returns
- Events budgets and performance reports
- Attendee and exhibitor lists and demographics
- Contracts and agreements with venues, suppliers and partners
- Intellectual property documentation and registrations
- Employee contracts and organizational charts

In the events industry, buyers may request additional information specific to your events portfolio, such as:

- Historical attendance and revenue figures for flagship events
- Exhibitor and sponsor renewal rates and satisfaction scores
- Speaker and content evaluations and feedback
- Marketing and promotional materials and metrics
- Operational and logistics plans and post-event reports

### **Key information at hand**

By having this information readily available and well-organized, you can demonstrate the value and growth potential of your events business to potential buyers and facilitate a more efficient due diligence process.

During due diligence, potential buyers may uncover issues or concerns that could impact the value or feasibility of acquiring your events business. In the events industry, common red flags include:

- Declining attendance or exhibitor numbers, which could indicate a loss of market relevance or increased competition
- Concentration risk, where a significant portion of revenue is dependent on a few key customers or events
- Pending legal disputes or regulatory compliance issues, such as intellectual property infringement claims or data privacy violations
- Key person dependencies, where the success of the business is heavily reliant on a few individuals, such as founders or key sales personnel
- Operational inefficiencies or cost overruns, which could impact profitability and cash flow
- Misalignment between the seller's and buyer's growth strategies or cultural values

Identifying potential red flags before taking your company to market is critical to running a smooth and successful process. Toward that end, we will work with you to:

- Conduct a thorough self-assessment of your business to identify and address potential weaknesses or areas of concern
- Develop a proactive communication strategy to address any red flags with potential buyers in a transparent and constructive manner
- Propose solutions or contingency plans to mitigate the impact of any identified risks or issues

By taking a proactive and transparent approach to addressing red flags, you can build trust with potential buyers and increase the likelihood of a successful transaction. However, you should be prepared to adjust your valuation expectations or deal terms based on the materiality and severity of any red flags uncovered during due diligence.

Count on Oaklins to be your invaluable partner from the beginning of the sale process to the end, but never more so than during due diligence, helping you to navigate buyer requests, anticipate issues, make sure cool heads prevail during inevitable disagreements and misunderstandings between seller and buyer. and keep the overall process on track.

### **SPECIAL CONSIDERATION: WORKING CAPITAL**

Sellers are often perplexed by the impact that adjustments to working capital may have on the ultimate sale price. Confusion can lead to mistrust between seller and buyer, extending the process and even triggering a breakdown in negotiations. There are several important considerations and tactics related to working capital that events business owners should keep in mind when preparing for a sale.

Working capital, which represents the difference between a company's current assets and current liabilities, is, metaphorically, the financial lubricant that keeps a business in motion. It is an important factor in the valuation and sale process of any business in the events industry. Here are some key tactics and considerations for managing working capital when selling an events business:

- In the lead-up to a sale, focus on collecting outstanding invoices and minimizing the age of your accounts receivable. Buyers will scrutinize your receivables and may view older, uncollected invoices as a potential risk. By improving your collections process and ensuring timely payments from clients, you can optimize your working capital and make your business more attractive to potential buyers.
- While events businesses typically don't hold extensive physical inventory, they may have investments in marketing materials, signage or technology equipment. Assess your inventory levels and aim to reduce any excess or outdated items before putting your business on the market. Buyers will appreciate a lean, well-managed inventory that doesn't tie up unnecessary working capital.
- Where possible, work to negotiate longer payment terms with your suppliers and vendors. By extending your accounts payable, you can improve your working capital position and enhance your cash flow. However, be careful not to strain relationships with key partners or incur additional financing costs in the process.

- While cash is normally an excluded asset, buyers will closely examine your cash balances and cash flow statements when evaluating your business. In the months leading up to a sale, focus on maintaining a strong cash position by carefully managing expenses, optimizing pricing and revenue strategies and potentially deferring non-essential investments or purchases.
- Be prepared to discuss working capital during negotiations: Working capital is often a key point of negotiation in the sale of an events business. Buyers may push for a working capital adjustment or a portion of the purchase price to be tied to the delivery of a certain level of working capital at closing. Work closely with your M&A investment banker to develop a strategy for addressing working capital concerns and ensuring that any adjustments are fair and reasonable.
- Many events businesses experience seasonal fluctuations in cash flow and working capital needs. Be prepared to discuss the seasonality of your business with potential buyers and how you manage working capital throughout the year. Demonstrating a strong understanding of your cash flow cycles and a proactive approach to working capital management can instill confidence in buyers.
- Events businesses typically pre-pay certain expenses such as site rental, marketing and promotion. It is important to track those expenses carefully as they are not recognized on the P&L until after the event occurs – thus impacting working capital calculations significantly.
- Deferred revenue is also an important component in calculating working capital adjustments. These are the deposits and pre-payments from attendees, exhibitors and sponsors that cannot be recognized as earned revenue until the final day of the actual event.
- As with all aspects of the sale process, maintaining detailed documentation of your working capital position is essential. Keep accurate records of your accounts receivable, accounts payable, inventory and cash balances, and be prepared to provide supporting documentation to buyers during due diligence.



## Setting a target

It is important to establish a working capital target that aligns with industry norms and the specific needs of your business. One effective strategy for setting a working capital target is to analyze your company's prior monthly balance sheets, typically for the previous 6 or 12 months.

By examining your historical working capital levels, you can identify trends, seasonality and any anomalies that may impact your target. For example, if your events business typically experiences a surge in accounts receivable in the months leading up to a major annual conference, it will have a significant impact on your actual and target working capital calculations.

In some cases, buyers may request a separate escrow account to cover working capital adjustments at closing. This escrow is typically funded by a portion of the purchase price and is used to compensate the buyer if the actual working capital delivered at closing falls short of the agreed-upon target.

We will work closely with you and your legal counsel to negotiate the working capital target and the terms of any working capital escrow and purchase price adjustment mechanisms. Key considerations may include:

- The size of the escrow and the portion of the purchase price allocated to it
- The timing and methodology for calculating the working capital target and the amount at closing
- The process for resolving disputes or discrepancies in working capital calculations
- The conditions and timeline for releasing funds from the escrow to the buyer or seller

By carefully structuring and negotiating these mechanisms, you can help ensure a fair and equitable outcome for both parties and minimize the risk of post-closing disputes or litigation.

## Chapter eight —

# Closing the transaction and beyond

The closing process for the sale of an events business involves a series of complex legal and financial steps. Key documents and agreements that may be involved in the closing process include:

- **Purchase agreement:** The purchase agreement is the primary legal document that outlines the terms and conditions of the sale, including the purchase price, payment structure, transfer of specific event contracts, IP and key employees, representations and warranties, indemnification provisions and closing conditions.
- **Bill of sale:** The bill of sale is a legal document that transfers ownership of the tangible assets of the events business, such as equipment, inventory and office furniture.
- **Intellectual property assignments:** Events businesses often have valuable intellectual property assets, such as trademarks, copyrights and domain names associated with their event brands and content. Intellectual property assignments are legal documents that transfer ownership of these assets from the seller to the buyer.
- **Employment and consulting agreements:** The buyer may require the seller or key employees to enter into employment or consulting agreements to ensure a smooth transition and continuity of operations. These agreements may include provisions related to compensation, duration and non-compete or non-solicitation obligations.
- **Transition Services Agreement (TSA):** A TSA is a common agreement in events business sales that outlines the services and support that the seller will provide to the buyer during the transition period after the closing. This may include assistance with event planning, vendor management, customer communication and knowledge transfer. The TSA typically specifies the duration, scope and compensation for these services.

A well-planned transition of ownership is critical to the long-term success of your events business post-sale. This involves creating a detailed plan for transferring knowledge, relationships and operational responsibilities to the new owner.

Some key elements of an effective transition plan:

- **Event playbook:** Consider creating a comprehensive “event playbook” that documents key processes, timelines, vendor contacts and other essential information specific to each of your events. This may include detailed checklists, budgets, marketing plans and post-event reports that can help the new owner understand and replicate the success of your events.
- Arrange meetings or calls to introduce the new owner to your key vendors, sponsors and partners. Share information about your relationships, contracts and any special arrangements or considerations that the new owner should be aware of.
- Work with the new owner to develop a communication plan to inform your customers, attendees and exhibitors about the transition and reassure them of the continuity and quality of your events. Consider hosting a joint webinar or sending a co-branded email to introduce the new owner and share their vision for the future of the events.
- If you have key employees who are essential to the success of your events, work with the new owner to develop a plan for retaining and engaging these individuals during and after the transition. This may include retention bonuses, new job titles or responsibilities or opportunities for growth and development under the new ownership.

### **Celebrating your achievement**

Selling your events business is a major milestone that reflects the culmination of your hard work, vision and dedication to the industry. As you close the transaction and hand over the reins to the new owner, take the time to celebrate your success and reflect on the impact you have made:

- Host a celebration event or dinner to thank your employees, vendors and partners for their contributions and loyalty throughout your ownership journey. Share your appreciation for their hard work and dedication and express your confidence in the future success of the business under the new ownership.

- Take a moment to reflect on the impact your events have had on your industry, community and the lives of your attendees and participants. Consider the relationships you have built, the knowledge you have shared and the experiences you have created through your events. These intangible legacies will endure long after the sale is completed.
  
- As you look ahead to your next chapter, consider how you can leverage your industry expertise, relationships and financial resources to pursue new opportunities and passions — without, of course, violating any non-compete agreements. Some potential paths to consider may include:
  - Consulting or advising other events businesses on strategy, operations or M&A
  - Investing in or mentoring start-up event technology or service companies
  - Launching a new event or media venture in a related or adjacent industry
  - Pursuing philanthropic or nonprofit initiatives that align with your values and interests
  - Enjoying a well-deserved retirement or sabbatical to travel, learn or spend time with family

Whatever your next chapter holds, remember that the skills, knowledge and relationships you have built through your events business will continue to serve you well in all your future endeavors.

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