

## 30 Second M&A Newsletter Employee Retention Matters

Buyers want to know how your business stood up against adversity. From 9/11 to the Great Recession to COVID-19, buyers still ask about past economic hardships, “But how’d they do in \_\_\_\_\_?” Today, buyers want to know how you’re getting through the global talent shortage.

Labor Department data continues to show there are roughly two job openings for every unemployed person in the U.S. Meanwhile, 44% of active employees are “job seekers” who are actively looking for new work or plan to look soon, as reported by [Willis Towers Watson](#). It is no surprise that competing employers are out there looking to poach your best personnel.

If you’re thinking about selling your business in the near future, it’s important now more than ever, to focus on retaining your talent. That means making sure compensation is at or above market rate. More importantly, it means spending time with your employees and building a great culture.

As business owners, we must carve out more time to build connections. If you can keep your team together, you’ll have a better company now and a proven group when it comes time to sell. You need to invest money in your people, just like you invest money in your company.

Buyers are looking at turnover and retention trends. If you’re constantly in a “hiring mode” to replace departing talent, buyers will see that as a risk element. On the other hand, a well-tenured team can increase your business value in today’s market.

Business owners with strong leadership teams won’t need to stick around as long. In fact, a sale can be an integral part of succession planning. In deals involving private equity, we’re seeing a considerable number of buyers who are setting aside anywhere from 8-12% of the company into an incentive pool for executive non-owners.

Your management team can become minority owners of the business through the transition. Buyers are willing to give up a percentage of the company to keep proven leaders.

Employee retention is important at any stage of business. But for owners contemplating a sale, a strong record of retention could mean significantly more value and a faster transition period.



[Sara Burden, President](#)  
CBI, M&AMI, FMAS, FIBBA, CM&AP  
678-277-9951 ext.11 [sb@waldenbus.com](mailto:sb@waldenbus.com)

Walden Businesses at [www.waldenbus.com](http://www.waldenbus.com)  
9040 Roswell Rd, Suite 410, Atlanta, GA 30350  
Founding Member of [Cornerstone International Alliance](#)