

How to Lure a Giant like Facebook Into Buying Your Company

A great business is bought, not sold, so, if you look too eager to sell your business, you'll be negotiating on the back foot and look desperate—a recipe for a bad exit.

But, what if you really want to sell? Maybe you've got a new idea for a business you want to start or your health is suffering. Then what?

As with many things in life, the secret may be a simple tweak in your vocabulary. Instead of approaching an acquirer to see if they would be interested in buying your business, approach the same company with an offer to partner with them.

Entering into a partnership discussion with a would-be acquirer is a great way for them to discover your strategic assets, because most partnership discussions start with a summary of each company's strengths and future objectives. As you reveal your aspirations to one another, a savvy buyer will often realize there is more to be gained from simply buying your business than partnering with it.

Facebook Buys Ozlo

For example, look at how Charles Jolley played the sale of Ozlo, the company he created to make a better digital assistant. The market for digital assistants is booming. Apple has Siri, Amazon has Alexa and the Google Home device now has Google Assistant built right in.

Jolley started Ozlo with the vision of building a better digital assistant. By 2016, he believed Ozlo had technology superior to that of Apple, Amazon or Google. Realizing his technology needed a big company to distribute it, he started to think about potential acquirers. He developed a long list, but instead of approaching them to buy Ozlo, he suggested they consider partnering with him to distribute Ozlo.

He met with many of the brand-name technology companies in Silicon Valley, including Facebook, which wanted a better digital assistant embedded within its messaging platform. They took a meeting with Jolley under the guise of a potential partnership, but the conversation quickly moved from "partnering with" to "acquiring" Ozlo.

Jolley then approached his other potential partners indicating his conversations with Facebook had moved in a different direction and that he would be entering acquisition talks with Facebook. Hearing Facebook wanted the technology for themselves, some of Jolley's other potential "partners" also joined the bidding war to acquire Ozlo.

After a competitive process, Facebook offered Jolley a deal he couldn't refuse, and they closed on a deal in July 2017. Jolley got the deal he wanted in part because he was negotiating from the position of a strong potential partner, rather than a desperate owner just looking to sell.