

## A BUYER'S GUIDE

# Acquisition Identification

A practical guide to commissioning and using target identification as a standalone engagement — for corporate development teams, private equity sponsors and business owners pursuing bolt-on acquisitions internationally.

**72**

Markets

**1,000+**

Projects since 1999

**5**

Continents



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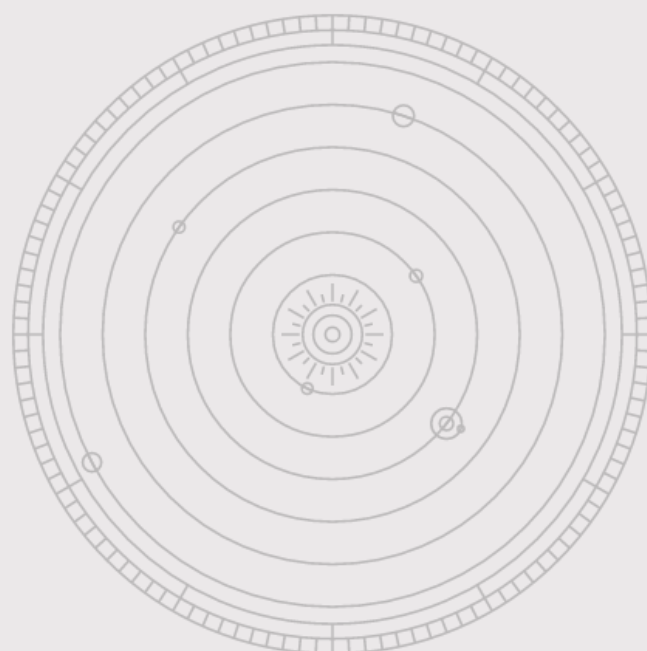
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## Introduction: what this guide is, and isn't

International bolt-on target identification is a specific, discrete piece of work. It sits upstream of a deal and upstream of most of the work advisors do around one. Done well, it tells a buyer which companies, in which markets, are worth approaching — and why. Done badly, it generates long lists of superficially plausible names that waste a corporate development team's time, or worse, push a deal process toward whichever target happens to be the most contactable rather than the most strategically right.

This guide is written for the commissioning side: heads of corporate development at mid-market corporates in the UK, the EU, the US, Canada, Singapore and South Korea; associates and principals at private equity firms and independent sponsors running buy-and-build programmes; and business owners pursuing bolt-ons into adjacent geographies. It is not a primer on M&A process. It is not a valuation handbook. It is not a deal-execution playbook. It is a practical guide to one specific activity — commissioning and using target identification as a standalone engagement — which the authors have run, across 72 markets and more than 1,000 projects, over 27 years of continuous international research operations since 1999.

Throughout the guide we flag the places buyers most often get things wrong: criteria that sound strategic in a boardroom but collapse under screening; long-lists padded for optics rather than fit; shortlists that bias toward the reachable over the right; post-delivery scope creep that was never agreed; and engagements run through banker relationships where the researcher and the eventual advisor are structurally conflicted. We are direct about what can and cannot be delivered in markets where public data is thin, ownership is opaque, or credible introductions require intermediaries.

*Target identification is useful only when it is commissioned properly. The single best predictor of whether the exercise produces a usable shortlist is whether the buyer and the research firm agreed rigorous criteria at the start — and stuck to them. Everything in this guide comes back to that point.*

**A note on scope.** Copernicus delivers target identification as a research service. Scope beyond the shortlist — approach, introductions, valuation support and commercial due diligence — is tailored to the buyer's objectives and the requirements of each market. At scoping, we agree the most effective delivery model from the outset, giving the buyer a clear and practical route from shortlist to engagement. The guide returns to this point in Chapter 07.

## 01

## What target identification actually is

Target identification is the process of translating an acquisition thesis into a defensible, screened, profiled shortlist of companies worth approaching. The deliverable is not a list. It is a shortlist dossier — typically eight to twelve profiled targets — supported by enough commercial and ownership intelligence that the buyer can decide, for each target, whether and how to make an approach.

### What the deliverable contains

- **A written, agreed criteria set** — the yardstick every candidate has been measured against.
- **A universe map** — how the long-list was constructed and what was excluded, so the work is reproducible and challengeable.
- **A screened shortlist** — usually eight to twelve names, each scored against the criteria.
- **Profiled dossiers** — entity data, business description, financial snapshot where obtainable, ownership structure, commercial fit commentary, contactability rating and suggested approach route.
- **Local colour commentary** — the informed judgement of people on the ground, captured in plain language, that a desk search cannot produce.

### What target identification is not

It is worth being explicit about what a target identification exercise is not, because buyers sometimes commission it expecting one of the following and then complain about the wrong thing:

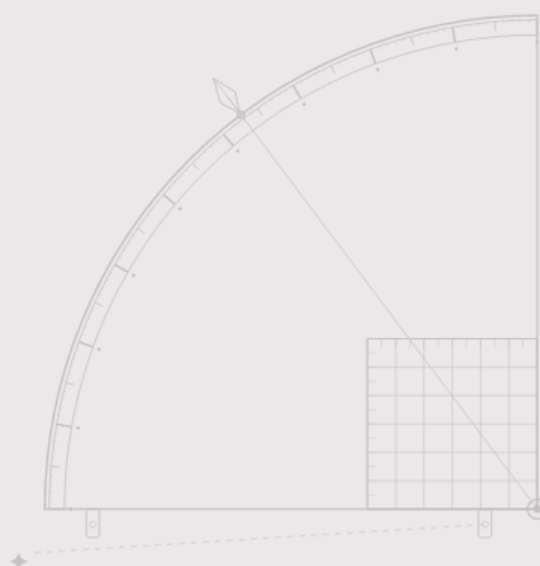
- **It is not a banker pitch.** A pitch is built around the advisor's fee event and tends to privilege closable targets over strategically right ones. A target-identification engagement is fee-for-service; the researcher is not paid on the deal.
- **It is not a teaser list.** An untargeted data dump — "everything in the sector with revenues between X and Y" — is not a shortlist. It is a spreadsheet. Screening and profiling are the work.
- **It is not a due-diligence pack.** DD happens after a target has been selected and engaged. The shortlist dossier is enough to decide which targets warrant an approach, not enough to buy one.
- **It is not a valuation exercise.** Financial snapshots are included where obtainable, but they are not fully-modelled valuations. Those come later, once a target is engaged and data room access is negotiated.

### PRACTICAL TIP

*If you cannot answer the question “what decision will this shortlist support, and who will take it?” — pause before commissioning. Target identification produces decision-support material. If there is no decision on the other end, the exercise will drift.*

## When it is the right tool

- **Entering a new geography.** A buyer with a clear thesis but no in-market presence needs a mapped universe.
- **Testing a thesis.** A corporate-development team with a strategic rationale and a size band needs to see what the market actually contains before committing to a deal programme.
- **Pressure-testing a competitor universe.** A sponsor with an existing platform needs to know whether the names on its watchlist are the best candidates.
- **Running an organised bolt-on programme.** A buy-and-build strategy needs a refreshed pipeline of screened candidates — not a single-shot exercise.
- **Refreshing an old list.** A list built two years ago may have missed new entrants, ownership changes and exits.



## 02

## Good criteria vs bad criteria

The criteria are the work. Everything else — universe-mapping, screening, profiling, dossier assembly — is execution against the criteria. A target-identification project with weak criteria will produce a weak shortlist no matter how capable the research team. A project with rigorous, tested criteria will produce a usable shortlist even when the underlying market data is thin, because the screening lens is doing the work.

### What good criteria look like

- **Size band.** Revenue or EBITDA range, expressed as a range rather than a ceiling. "Targets with revenues of €15–50m" is a workable criterion; "mid-market" is not.
- **Geography.** Country or sub-region, not continent. "Western Europe" is too broad; specify which countries are in scope and which are explicitly out.
- **Product or service scope.** What the target does, defined tightly enough that an analyst can exclude adjacencies with confidence. "Industrial components" is too loose; "precision-machined components for rotating equipment" is testable.
- **Ownership pattern.** Family-owned, PE-backed, corporate subsidiary, listed, founder-led. This drives deal feasibility more than most criteria. Be explicit about which patterns are in scope.
- **Profitability band.** EBITDA margin range or a simple profitable/loss-making distinction. Helps exclude turnaround situations when they are not the brief.
- **Deal-feasibility signals.** Is the target known to have had approaches? Is there a succession trigger? Is the parent a known seller of non-core assets? These are criteria, not afterthoughts.

### What bad criteria look like

- **Vague strategic adjectives.** "Innovative", "best-in-class", "high-growth", "synergistic". Analysts cannot screen on these.
- **Champagne criteria.** So narrow the universe collapses to two or three names — usually the ones already on the buyer's watchlist.
- **Shopping-list criteria.** So broad the long-list runs to several hundred names, compressing judgement into the final screening.
- **Criteria that ignore where deals actually happen.** Excluding PE-backed targets in a sector where most sellable assets are PE-owned is self-defeating.

## A short checklist before you sign off criteria

| COMMON CRITERION                | WHAT TO ASK YOURSELF                                                                                                                 | WHY IT MATTERS                                                                                                                |
|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
| <b>Revenue / EBITDA band</b>    | Have I expressed this as a range? Is it wide enough that a credible universe exists, and narrow enough to exclude non-bolt-on scale? | A bolt-on scoped as anything from €5m to €200m revenue is not one engagement. It is three.                                    |
| <b>Geography</b>                | Are in-scope countries listed by name? Are out-of-scope countries explicitly excluded?                                               | Implicit exclusions lead to long-list disputes. "Europe" with no Russia, Belarus or Turkey position will create debate later. |
| <b>Product / service scope</b>  | Can I describe what is in and out in one or two sentences, with examples on both sides?                                              | Analysts need exemplars. A criterion that cannot produce them will not produce a consistent screen.                           |
| <b>Ownership pattern</b>        | Which ownership types are in scope? Are minority stakes acceptable? Is corporate carve-out in scope?                                 | Drives deal feasibility more than any other single criterion. Often under-specified at briefing.                              |
| <b>Profitability</b>            | Loss-making in scope? What is the minimum EBITDA margin?                                                                             | Turnaround situations are a different deal type; scope them explicitly or exclude them.                                       |
| <b>Deal-feasibility signals</b> | Are succession triggers, carve-out signals or known prior approaches being captured?                                                 | These move a target up the shortlist. They should be collected systematically, not noticed by accident.                       |

*Spend a morning on the criteria workshop. That morning is the highest-leverage hour the buyer will spend on the engagement. It is also the hour most often compressed into a phone call, or skipped entirely "because the brief is clear." It almost never is.*

## 03

## Where target universes come from

Target universes are not assembled from a single source. A credible long-list is built by triangulating across several source types — each of which has known strengths and known gaps — and then filtered through local knowledge that cannot be replicated from a desk. The sections that follow set out the main source types by their character, not by geography.

### Public registries and filings

Statutory filings — corporate registries, annual accounts, beneficial-ownership disclosures where they exist — are the bedrock of any target universe. They are reliable for entity data and ownership where the jurisdiction requires disclosure. They are less useful for commercial substance: filings rarely tell you what a company actually does at the level of detail a bolt-on criterion requires. They are also uneven in quality across jurisdictions.

### Trade associations and sector directories

Trade association membership lists, sector directories and industry registers are often the fastest way to assemble a candidate universe in a defined product or service scope. They are weaker where membership is self-selecting or where the association's remit cuts across the commercial boundary the buyer cares about.

### Listed databases

Commercial company databases are excellent for filtering and exporting structured data at scale. They are uneven on private-company coverage in many jurisdictions, and their industry-code taxonomies rarely map cleanly onto the criteria a bolt-on buyer uses. A list generated from a database filter and delivered as a shortlist is a warning sign, not a deliverable.

### Press, M&A databases and deal histories

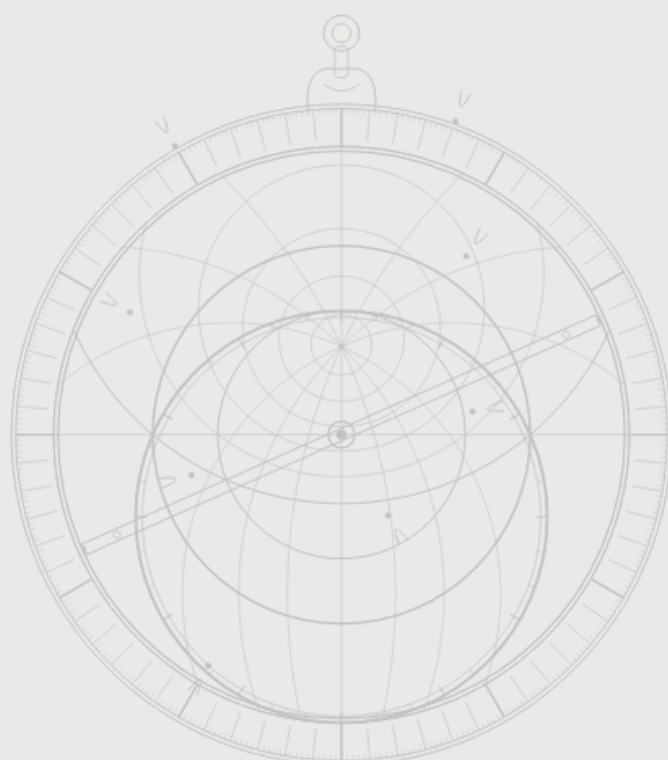
Press archives, M&A deal databases and deal-history sources are indispensable for identifying which companies have already been through an approach, a process or an exit, and identifying deal-feasibility signals — succession, carve-out, distressed parent. They are less useful in a sector with low deal activity; silence is not evidence.

#### PRACTICAL TIP

*When evaluating a research partner, ask them to show you — on a fictional or anonymised brief — how they would build the universe for a sector in a market you both know. Listen for which sources they reach for and in what order. A partner who leads with a database filter is a different proposition from one who leads with the two association directors they would call first.*

## On-the-ground partner knowledge

On-the-ground partner knowledge distinguishes a genuine local list from a desk-research list. Our in-country Copernicus consultants know privately held businesses that do not file detailed accounts, ownership changes not yet reflected in databases, recent sale processes and the relationships that influence an approach. A universe built only from registries and databases can miss the most relevant targets. Partner knowledge also provides a realistic view of contactability and approach route — formal shortlist deliverables, not optional extras.



## A note on data quality across markets

The usefulness of each source type varies by the quality of the underlying market infrastructure. A deliberately generic framing, rather than a country list, is the honest way to describe this.

| MARKET TYPE                              | REGISTRY & FILINGS QUALITY                                                                                                                    | PRACTICAL IMPLICATION FOR TARGET ID                                                                                                          |
|------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Mature OECD economies</b>             | Generally strong. Registries are searchable; private-company accounts usually filed. Beneficial-ownership disclosure increasingly mandated.   | Desk-based universe construction is reliable. The work is in the screening and the local-colour overlay. Contactability is usually solvable. |
| <b>Middle-income economies</b>           | Mixed. Registries exist but vary in searchability. Private-company financial disclosure is patchy and often lagged. Ownership can be layered. | Registries get you to a candidate list; commercial substance and ownership clarity rely more on on-the-ground partner input.                 |
| <b>Emerging &amp; frontier economies</b> | Variable to thin. Registries may be incomplete, offline or in local language only. Private-company financials may not be public at all.       | Partner knowledge does most of the work. Financial snapshots may be indicative. Contactability becomes a critical shortlist criterion.       |
| <b>Special-situation markets</b>         | Public data may be limited, ownership obscured by holding companies, deal history informal.                                                   | Shortlist structure changes: fewer profiled names, more narrative context, explicit commentary on feasibility. See Chapter 06.               |

The point is not that some markets are harder than others. The point is that the shape of a credible shortlist differs by market, and that the commissioning side should expect — and scope for — a different balance of desk-research and on-the-ground input depending on where the work is being done.

## 04

## The screening methodology

Screening is the process of taking a long-list and filtering it, through successive lenses, down to a shortlist that warrants profiling. Five lenses do the work. They are applied in sequence, not in parallel, and each one eliminates candidates before the next is applied.

### 1. STRATEGIC FIT

Does the target, if acquired, advance the buyer's stated strategic thesis? Strategic fit is binary: a target either fits the thesis or it does not, and the thesis should be explicit before screening starts.

### 2. COMMERCIAL FIT

Does the target's product or service scope, customer base, geographic footprint and channel position actually fit next to the buyer's business? Two companies in the same industry code can be commercially incompatible.

### 3. FINANCIAL SNAPSHOT

Revenue and profitability, where obtainable, assessed against the size and margin criteria in the brief. In markets with thin disclosure, the snapshot is indicative, based on triangulation rather than filed accounts.

### 4. OWNERSHIP AND DEAL FEASIBILITY

Who owns the target, and is a deal even feasible? A family-owned business with no succession trigger is not a live target today, even with perfect commercial fit.

### 5. CONTACTABILITY AND APPROACH ROUTE

Can the target be approached, and how? A named senior contact and a credible introduction route are shortlist deliverables, not optional extras — though contactability should never be the primary criterion.

## A sample scoring matrix

The framework below is illustrative. It is deliberately simple — a three-point scale per lens — because overly granular scoring suggests a precision the underlying data does not support. Weightings are agreed at the criteria workshop and do not change once screening has started.

| LENS                    | WEIGHT | SCORE 1 — POOR                         | SCORE 2 — PARTIAL            | SCORE 3 — STRONG                           |
|-------------------------|--------|----------------------------------------|------------------------------|--------------------------------------------|
| Strategic fit           | 25%    | Tangential to thesis                   | Part of thesis               | Directly advances thesis                   |
| Commercial fit          | 25%    | Product / channel mismatch             | Some overlap, some frictions | Clean fit on product, channel, customer    |
| Financial snapshot      | 15%    | Outside size / margin bands            | In bands; data partial       | In bands; data robust                      |
| Ownership / feasibility | 20%    | No near-term trigger; unlikely to sell | No trigger but owner open    | Clear trigger: succession, exit, carve-out |
| Contactability          | 15%    | No route; cold-only                    | Route exists; not warm       | Warm introduction available                |

Candidates scoring an overall weighted 2.2 or above typically warrant profiling. Candidates between 1.8 and 2.2 are re-examined with the buyer before a profiling decision. Below 1.8, the candidate is recorded on the long-list with its scores and excluded from the shortlist — visibly, so the buyer can see why.

### PRACTICAL TIP

*Weightings must be set at the criteria workshop, not once early scores are in. If the buyer and researcher are tempted to re-weight after seeing initial scores, the real issue is that the criteria were wrong. Fix the criteria, not the weights.*



## 05

## What a shortlist dossier should contain

The shortlist dossier is the deliverable. Each profile is typically two pages: an entity and commercial page, and a financial, ownership and approach page. The structure below is the one Copernicus uses; buyers vary the fields but the backbone is stable across engagements. Profiles are delivered under an NDA appropriate to the sensitivity of the material.

### ILLUSTRATIVE — FICTIONAL TARGET

#### An annotated sample profile

The profile below is entirely fictional. Any resemblance to a real company is coincidental. It is shown to illustrate the shape of a well-built profile, not to imply a target.

|                   |                                                                                                         |
|-------------------|---------------------------------------------------------------------------------------------------------|
| <b>ENTITY</b>     | Meridian Industrial Components Ltd (fictional) · Priority: High                                         |
| <b>REGISTERED</b> | Incorporated 2004; HQ in a mid-sized manufacturing city (jurisdiction omitted for illustration)         |
| <b>HEADCOUNT</b>  | Approximately 180 FTE across two sites                                                                  |
| <b>SECTOR</b>     | Precision-machined components for rotating equipment; tier-2 supplier into OEM and aftermarket channels |

#### Business description

Meridian designs and machines a narrow set of precision components used in industrial rotating equipment. Revenue split is approximately 60% OEM supply and 40% aftermarket through named distributors. Customer concentration is moderate: the top five customers account for approximately 55% of revenue. The business invests consistently in tooling and has replaced its CNC fleet over the past five years.

#### Commercial fit commentary

Directly relevant to the buyer's stated thesis of consolidating precision-component suppliers in adjacent geographies. Limited overlap with the buyer's existing customer base, suggesting a cross-sell opportunity rather than a defensive acquisition. Channel structure is compatible with the buyer's aftermarket model.

## ILLUSTRATIVE — CONTINUED

## Shortlist profile — Meridian Industrial Components Ltd (continued)

### Financial snapshot

| METRIC              | LATEST (INDICATIVE)  | SOURCE                                          |
|---------------------|----------------------|-------------------------------------------------|
| Revenue             | Approximately €38m   | Filed accounts; latest available                |
| EBITDA margin       | 14–16% (estimate)    | Triangulated from filings and sector benchmarks |
| Revenue CAGR (3-yr) | Approximately 6%     | Filed accounts                                  |
| Net debt            | Modest; asset-backed | Filed balance sheet                             |

Figures are indicative and based on the latest publicly-available filings, augmented by sector triangulation where disclosure is partial. They are not audited, and should be treated as a screening input, not a valuation.

### Ownership structure

Second-generation family-owned. Three sibling shareholders. The eldest serves as managing director; the two others are not operationally involved. A minority holding (approximately 15%) is held by a former senior manager. Succession is understood, through local partner contact, to be an active topic within the family; none of the next generation is currently in the business.

### Local colour

The Copernicus consultant in-market reports that Meridian declined two informal approaches in the past 30 months — one from a domestic competitor, one from a financial buyer — on valuation grounds in the first instance and cultural fit in the second. The family is believed to be more open to a trade buyer whose operating model the managing director respects.

### Contactability and suggested approach route

|                        |                                                                                                                                             |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| <b>RATING</b>          | Warm — 2 of 3                                                                                                                               |
| <b>PRIMARY CONTACT</b> | Managing Director (sibling shareholder)                                                                                                     |
| <b>ROUTE</b>           | Warm introduction via sector association chairman (known to our in-market consultant). NDA in place before any commercial detail exchanged. |
| <b>TIMING</b>          | Suggest approach within 90 days; later in the calendar year the family typically disengages from external discussions.                      |

*Every profile in the shortlist carries a contactability rating and an explicit suggested approach route. Without them, the dossier is an encyclopaedia entry, not a decision support tool.*

## 06

## Special-situation markets

Some markets do not lend themselves to the standard shortlist structure. Public data is thinner, ownership is less transparent, and credible approach routes require intermediaries that a standard research engagement cannot substitute for. This chapter is framed generically — not by country — because the characteristics matter more than any single geography.

### Markets where public data is thin

Corporate registries may be incomplete, filings may not be standardised, and private-company financial disclosure may be non-existent or lagged by years. A desk-built universe is unreliable. The usable shortlist tends to be shorter (five to eight profiled names rather than ten to twelve), and financial snapshots should be described as indicative rather than analytical.

### Markets where ownership is opaque or politically-sensitive

In parts of the Middle East, some Central Asian economies, and selected emerging-market jurisdictions, ultimate beneficial ownership may be layered through holding structures, trust arrangements or family offices. Ownership profiling becomes a separate, senior piece of work — and is the area most likely to require discreet intermediaries rather than formal introductions.

### Markets where intermediaries are required for credible introductions

In some emerging-market economies, an unintroduced approach is either ignored or treated as a negative signal. Credible introductions require intermediaries — lawyers, sector association figures, bilateral chambers, or specific in-market consultants with long-standing relationships. Where we cannot identify a credible intermediary for a given target, we say so.

### Pricing and timetabling differently

Special-situation markets should be scoped and priced differently from OECD geographies. The balance of effort shifts from desk research to in-market conversation; the shortlist is shorter and more narrative; elapsed time is usually longer.

### PRACTICAL TIP

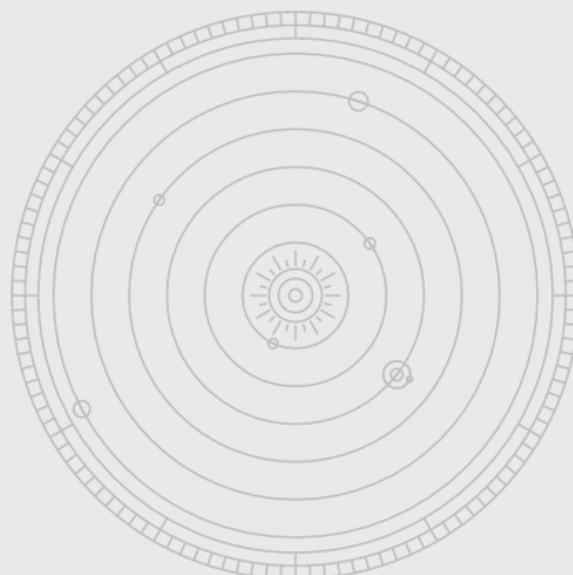
*If a research firm proposes the same scope, timeline and fee for a special-situation market as for an OECD geography, ask them to explain how. Either they have an extraordinary in-market capability they have not mentioned — or they have not thought about the market in enough detail.*

## How the shortlist deliverable adapts

The shape of the deliverable, not just the price and timetable, should be adjusted for special-situation markets. The table below sets out the typical differences at a glance.

| ELEMENT                   | STANDARD OECD ENGAGEMENT        | SPECIAL-SITUATION ENGAGEMENT                          |
|---------------------------|---------------------------------|-------------------------------------------------------|
| <b>Shortlist size</b>     | 8–12 profiled targets           | 5–8 profiled targets, longer narrative per profile    |
| <b>Financial snapshot</b> | Filed accounts, mostly standard | Indicative figures, triangulated; explicitly labelled |
| <b>Ownership</b>          | Documented via registries       | Layered; may require separate ownership-tracing work  |
| <b>Approach route</b>     | Named contact + route           | Intermediary relationship forms part of the route     |
| <b>Timetable</b>          | 6–10 weeks                      | 10–16 weeks; relationships cannot be accelerated      |

The point of the table is not that special-situation work is less rigorous. It is that the evidence base differs, the deliverable has to honestly reflect the evidence base, and the buyer should commission the engagement on the right basis from the start.



## 07

## Post-shortlist: what good looks like

What happens after shortlist delivery is where target identification engagements most often go wrong. The buyer assumes a level of post-delivery support that was never scoped; the researcher is pulled into work it is not structured or priced to do; or the shortlist is handed to an advisor whose relationship with the target was not contemplated in the research. A clean handoff, agreed at the criteria-workshop stage, is worth more than any amount of goodwill in the delivery sprint.

### The typical post-shortlist sequence

- **Shortlist review and target selection.** The buyer reviews the profiled shortlist, ranks targets and selects those to be approached.
- **Approach.** First contact — ideally via the suggested route in the profile. In some markets this is a direct letter; in others an intermediary-led conversation.
- **NDA.** Before any commercial detail is exchanged, an NDA appropriate to the sensitivity of the material should be in place.
- **First meeting.** A meeting, in-person where practical, with a defined agenda. The purpose is mutual assessment, not negotiation.
- **Light-touch profiling deep-dive.** For targets that emerge from first meeting, a deeper profile: management interviews where possible, operational walk-through, informal reference checks.
- **Commercial DD handoff.** The point at which the research firm's work ends and commercial due diligence begins.

*Post-shortlist support is agreed during the criteria workshop and tailored to the market, the target and the buyer's requirements. Define the delivery model before shortlist work begins — not once it is delivered.*

Copernicus can coordinate approach, introductions, light-touch profiling deep-dives and commercial DD handoff through the delivery team best placed for the market and sector. Confidentiality applies throughout: the shortlist, profiles, contactability commentary and insights from in-market conversations are treated as client-confidential and never re-used, shared or re-marketed. This protection is recorded expressly in the engagement letter.

08

## Common mistakes

The errors below are not exotic. They are the same mistakes that recur across engagements. Most are prevented at the criteria workshop, not at the shortlist-review meeting.

### 01 Target-list inflation

The instinct to treat a long shortlist as a thorough one. More names is not better; it dilutes attention and usually hides weak screening. **Fix:** Agree a fixed shortlist size (typically 8–12) at the criteria workshop and hold the research firm to it.

### 02 Criteria drift mid-project

Criteria subtly redefined during the long-list review, often in response to what the universe looks like rather than what the thesis requires. **Fix:** Lock criteria in writing at workshop; any change requires a documented re-set and, usually, a short re-screen.

### 03 Treating bolt-ons like platform deals

Running a bolt-on search with the rigour and scope of a platform-deal diligence — a disproportionate spend for the value at stake. **Fix:** Scope the dossier depth to the deal size; bolt-on profiles do not need platform-grade DD.

### 04 Ignoring minority-stake situations

Screening out minority-only shareholdings without asking whether they are a live route — in family-owned sectors, a minority stake today is often how a majority gets done later. **Fix:** At criteria workshop, decide whether minority is in scope; do not leave it implicit.

### 05 Under-pricing a hard-data market

Commissioning a special-situation market on OECD-style scope and timetable. The output is thinner than expected. **Fix:** Price and time the market for its own data reality (see Chapter 06), not a house standard.

### 06 Running it through your bankers instead of a research firm

Asking the investment bank that will eventually pitch for the advisory role to also run target identification — a structural conflict, since the bank is paid on transaction, not research. **Fix:** Commission target identification with a research firm that is not competing for downstream advisory work.

### 07 Skipping the criteria workshop

"The brief is clear" — it very rarely is. **Fix:** Treat the workshop as mandatory; if the research firm does not insist on it, choose a different research firm.

### 08 Not specifying contactability as a deliverable requirement

Accepting a shortlist without contactability ratings and approach-route commentary — comprehensive-looking but unusable. **Fix:** Write contactability and approach route into the deliverable specification at scoping.

09

## A note on fees and incentives

Target identification is fee-for-service work. It is scoped, priced and delivered as a discrete engagement — fixed fee or milestone-based — independent of whether any target on the shortlist is eventually acquired. This matters more than it sounds.

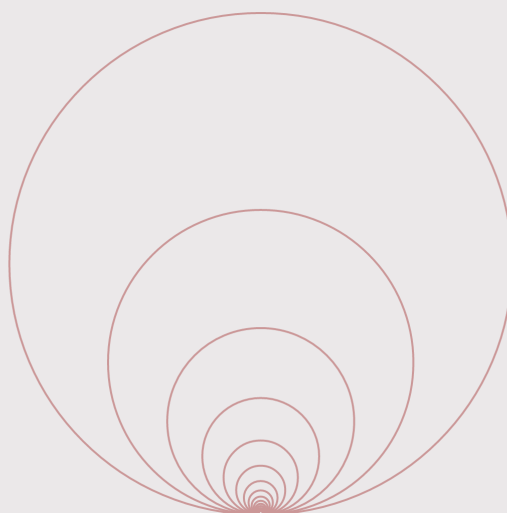
A shortlist produced on a success-fee basis is structurally biased toward closable targets. The researcher, consciously or not, is paid to surface the names most likely to transact — which is not the same universe as the names the buyer should approach. Honest commentary on risk, ownership complications, feasibility uncertainty and contactability all become harder to deliver when the researcher's economics are aligned with closing rather than with telling the truth.

A fee-for-service engagement inverts the incentive. The researcher is paid for rigour, not for transaction. A shortlist with four strong names and eight honestly-flagged weaker ones is more valuable than one with twelve apparently strong names.

### Why Copernicus does not compete with bankers

Copernicus is a research firm. We do not run M&A processes, we do not pitch for sell-side mandates, and we do not take success fees. That means we can work alongside a buyer's bankers and corporate finance advisors without structural conflict. Buyers retain their own advisors for the deal itself; we retain the discipline of being paid only for the research.

*If the shortlist is going to be the evidence base for which international bolt-ons a buyer pursues for the next 18 months, the incentive structure of the researcher is not a technicality. Ask. And if you cannot get a straight answer, that is the answer.*



10

## Working with Copernicus

### The hub-and-spoke model

The Copernicus model has the UK as our hub, with spokes into the markets where we are represented. We do not employ people in these markets directly; instead we work with Copernicus consultants — boutique consultancies and independent specialists who deliver our services to our standards. The footprint our clients experience in-market is that of an established international consultancy. Every engagement is run from the UK hub — the criteria workshop, the screening framework, the shortlist standard, the quality bar on the dossier — and executed in-market by Copernicus consultants who bring the on-the-ground knowledge that distinguishes a real local list from a desk-research list.

1999

Established

72

International markets

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### The acquisition identification service

A typical project runs six to ten weeks, from criteria workshop to shortlist delivery. The path is: criteria workshop, then universe mapping and long-list, then a five-lens screen, delivering a profiled shortlist of eight to twelve targets — with financial snapshot (where obtainable), ownership analysis, commercial fit commentary, contactability rating and suggested approach route. Fixed fee or milestone-based. Fee-for-service, not success fee.

### How to commission a project with us

- 1 Initial conversation**  
 A call to understand the thesis, the target geographies and the decision the shortlist needs to support. No obligation; no charge.

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- 2 Scoping document**  
 A written scope covering criteria direction, geographies, deliverable specification, timetable, fee and team. Agreed before work starts.

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- 3 Criteria workshop**  
 The first formal milestone. Typically half a day, with the buyer's corporate development team and, where relevant, the sector sponsor.

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- 4 Delivery**  
 Long-list to screen to profiled shortlist, against the agreed timetable. One structured interim review.

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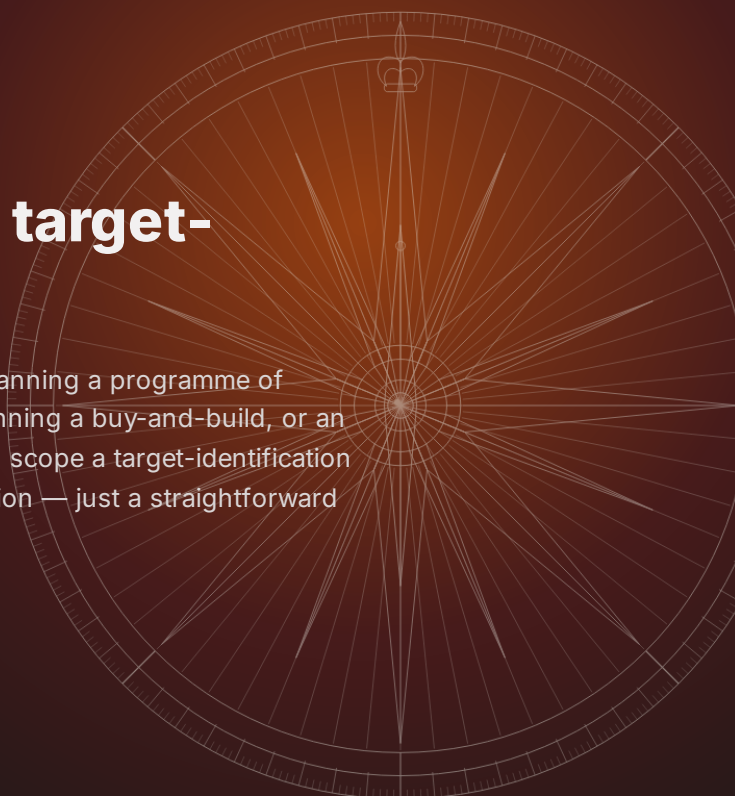
- 5 Handoff**  
 Shortlist dossier delivered with a walk-through session. Post-shortlist support is scoped separately around the agreed market delivery model.

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## NEXT STEPS

## Let's scope your next target-identification project

Whether you are a corporate-development team planning a programme of international bolt-ons, a private-equity sponsor running a buy-and-build, or an owner pursuing a cross-border acquisition, we will scope a target-identification engagement around your specific brief. No obligation — just a straightforward conversation about what you need.

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