



focused on getting you there

The Business Perspective in an M&A Transaction

When you are in a position to buy or sell a company, there is a tough stage of the process after the Letter of Intent ("LOI") is signed and during due diligence. This is where the negotiations take much more depth and the structure of the deal takes hold. This period of the transaction becomes embroiled in personalities, emotions and blatant and subtle maneuvering. All too often you see transactions get stalled (which means risky and expensive) because the parties are banging heads rather than working through the issues.

I find that what drives a deal home and leads for the greatest chance at success is to take the perspective of a business person and combine it to the M&A transaction. Become aware of both sides of the deal. Think beyond the transaction - what is important to the individuals? What is critical to the life of the business after the deal closes? What are the drivers of a business and what can screw it up if something goes wrong? If I was on the other side, what would I need to know and what would I be trying to figure out? What would I think is "material" or critical to the value of the business? These perspectives help you figure out how to structure a deal, how to make sure it is a good deal for you, how to make sure the price/value/return calculations are reasonable and how to get the parties to work together to make sure the deal gets done.

Another risk of getting things stalled is when the lawyers take over. Too often, people engage professional advisors that have never been a real business-person or who have never personally lived through a deal. Reality versus theory - you know the difference. I know I do not want the legal or accounting/tax perspective "driving" the deal. We definitely need that professional legal and financial/tax advice - no question about it. It is critical to making sure you get what you bargained for and don't get nailed later. But ultimately, the negotiations need to be brought from a business-person's perspective. So, when it comes to getting a deal done, put your business hat on.

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