

FOCUS ON

Top tips for acquiring a business

With a number of businesses displaying strong balance sheets and a desire to grow via acquisition as well as organically, we are seeing a lot of activity on the buy side. With this in mind, we thought it would be useful to share some of our thoughts on things to consider during the process so as to ensure that your acquisition proceeds smoothly.

1. Engage reputable corporate finance advisors from the outset who can guide you through the complexities of the deal and lead on the sensitive deal negotiation issues.
2. Have a clearly defined set of acquisition criteria and measure potential targets against them.
3. Ensure that first contact with potential vendors is business-like and be prepared to sign a confidentiality letter at the outset.
4. Set an upper price limit you will pay for a business and do not be tempted to break it unless new information comes to light which changes your outlook.
5. Don't reduce the agreed price for a target without due cause as price chipping destroys all the goodwill built up earlier in the process.
6. Communicate regularly throughout the process with your advisors, your funders, the vendors and their advisors; proactive communication often saves deals that may otherwise fall over.
7. If the incumbent management team are key to future success, ensure you keep them on board by involving them in the shaping of future plans.
8. Keep focused on your existing business during the acquisition process.
9. Develop a clear and realistic 100-day post acquisition merger plan before the deal completes.
10. Don't be afraid to walk away: no deal is always better than a bad deal.

Contact us

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