

## NEW YEAR'S FITNESS RESOLUTIONS APPLY TO M&A IN 2010

Traditional New Year's fitness resolutions will also apply to participants of the [Mergers and Acquisitions industry](#), "M&A". Those who make their living within M&A must be "leaner and meaner" to be successful in 2010. Our current US economic atrophy has had an immediate and momentous impact on business investment and sales.

M&A industry participants; business buyers, company sellers and [M&A](#) intermediaries are justifiably more skeptical of reaching company purchase transaction closures. Deal pessimism has overridden deal confidence.

Assorted excuses for [M&A](#) deal breakdowns and delays have emerged from bona fide financing challenges, negative national economy perceptions or anxiety over anticipated near term US government policy transitions.

The M&A transaction selling cycle now takes longer because of "hyper-sifting" of viable deal participants and their qualifications on both sides of the deal.

Sharing vigilant perceptions of the current condition of our [M&A](#) industry from 100's of its participants should help us understand how fit we have to be to compete in 2010:

### **From Business Sellers:**

- [Business sellers](#) are complaining, more than ever, of lack of financial adequacy among buyer candidates.
- [Business owners](#) see very few viable avenues to re-invest their money from a potential sale of their company. Owner commitments to sell are becoming "flimsy".
- Sellers see a greater need for intensified pre-qualification of potential buyers.
- [Business sellers](#) realize they will have to finance part of the sale transaction to close the deal.
- Sellers are holding to asking prices and/or are seeking a higher sale price if they are required to finance the business purchase.
- Business sellers are concerned about tax increases coming from new US government leadership.

### **From Business Buyers:**

- [Business buyers](#) are complaining, more than ever, of lack of quality deal flow.
- [Business buyers](#) see essential deal financing as more difficult to secure, the financing qualification process as taking longer and being more intense.
- Buyers are using lack of viable financing as an excuse to make lower purchase offers.
- There is a perception commercial banks are still not lending despite government financial incentives dispensed.

- [Business buyer's due diligence](#) is taking longer, requiring more detail of the seller.
- Deals with hard assets or real estate involved are easier to get financed.
- More buyer equity is required within current M&A transactions. Consequently, maintaining historical high returns on investment will be more difficult to achieve.
- Business buyers with current portfolio holdings are spending more time with and investing more money in fortifying existing companies than seeking to purchase new platforms. Add On's to existing company holdings are becoming of greater buyer interest.
- Laid off business executives are coming into the M&A marketplace, many for the first time. They are reconciled to the fact they must buy themselves a job with reduced home equity funding options. They tend to be more risk averse than traditional business buyers.

For M&A industry participants, as with any 2010 New Year's resolution, changes in our daily routines and our perceptions of our own professional effectiveness will need to be re-evaluated to generate desired closing results.

A refined diet, including candid disqualification of prior unproductive business strategies and tactics will be a fundamental first step. More specialization, a comprehensive focus of pursuit of specific industry niches or business types may be necessary to gain strength. Creative financing will provide more flexibility.

More exercise will be needed: networking, cold calling, referrals, longer work hours and more research will maintain momentum. Pushing yourself to increase your involvement and communication with business buyers and sellers will generate obvious changes to your professional image.

Supplements, in the form of pursuit of unfamiliar advisors, participation in new professional associations, and reading different business publications will enhance your resistance to maintain daily routines. Establishing or augmenting an internet presence will give you more marketing muscle. Staying on a performance schedule throughout the year, with documented metrics guarantees desired results.

Creativity, patience and tenacity will be required to be "fit" for M&A business in 2010 . As the legendary, 91 year old fitness expert, Jack LaLanne would say, "It's never too late to get in shape"!