

Deal Momentum



Maintaining deal momentum in M&A is critical. Once momentum is lost, chances of getting the deal closed decrease. Sellers do not always understand why responding to requests from advisors and buyers on a timely basis is so important. In fact, some sellers mistakenly believe playing 'hard to get' will lead to a good outcome. Not the case.

Here are ways sellers can maintain deal momentum:

- **Be Prepared:** By surrounding themselves with qualified advisors, sellers can ensure they do not go to market until they are prepared. Don't be rushed to market. Make sure you know your numbers. Have good systems in place. Know where the issues lie.

Ask your advisors to take you through practice due diligence sessions. By really being ready, a seller can anticipate questions and respond to requests in a reasonable time frame once the process begins.

- **Include Management:** Sellers are understandably concerned their employees will hear about the pending sale and react negatively. No advisor expects their seller client to inform all employees, but selling is a second full time job so at least two additional members of senior management should be selectively brought into the fold to assist with the process.
- **Allocate Time to the Process:** When a seller does not set aside a certain amount of time each day for the M&A process she can get frustrated which typically extends response time. Take the deal calendar seriously. Be available.
- **Keep the Buyer's Perspective in Mind:** No one likes wasting time. A seller who moves efficiently through a process sends a very positive message to prospective buyers that she is serious about closing the deal, which in turn could motivate buyers to be more aggressive (i.e., a higher purchase price).

All this being said, it is okay to have a longer than normal sellside deal calendar if it suits the seller. As long as communication is clear with buyers, they will adhere to the timeline. Inherent delays due to vacations or personal matters are understandable. However, once expectations on timing are set and communicated, it is important to keep the deal moving along at a reasonable pace to ensure the most successful outcome possible.