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Buyer's market? Seller's market? Don't let M&A market labels steer you wrong

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Timing, as they say, is everything.

This is true in life and in business. And when it comes to a company's strategy to expand or divest through mergers and acquisitions, timing is especially key. This is widely understood, but not always in the right way - too often, management teams look to the headlines for a macro-economic green light indicating that it's a "buyer's market" or a "seller's market."

Most recently, the RBS Citizens M&A Outlook 2013 showed that three quarters of C-suite executives considered 2012 to have been a buyer's market. More than half of the 330 middle-market executives surveyed said they thought this would continue in 2013.

This certainly is relevant information to consider, and the report's detailed narratives describing how M&A is playing out in key sectors of the economy even more so. But we know it is not the whole story, because this perception of a "buyer's market" is not freezing actual M&A volume. In fact, the opposite is true.

Buyers are still finding willing sellers, and savvy sellers are finding buyers who are reasonable and realistic when it comes to valuation. How else could middle market M&A activity have heated up so much in the fourth quarter of 2012? According to Thompson One, deal volume rose 39.5 percent over the previous quarter, after nine months of declining volume for transactions between $50 million and $1 billion.

Understanding this, management teams that are serious about their M&A strategies know better than to wait for the "all clear" from the financial media. Instead, they maintain a laser-focus on the specific sets of buyers and sellers who can help them make forward progress on their strategic plans.

They know that the only way to be sure the M&A timing is right for them is to do the hard work of developing a clear, sound strategy and executing it well.

When considering such a critical transaction, one that has the potential to create significant value for your company, precision is key - here are some key factors to consider:

* If you seek to acquire, define the target characteristics you need to fulfill your plans. Are you seeking to leverage a strong customer base with complementary products or a pipeline of innovations? Is expanding your footprint to fast-growing segments or markets a key objective? Is distribution power or penetration of new channels a priority? The range of acquisition strategies is broad, but the success of a deal depends on your ability to be specific about what you need and to stay focused on your target.

* If you are targeting a sale, outline the attributes of buyers who would find the greatest value in the assets you seek to divest. Make a candid assessment of the potential value you offer a buyer. Do you offer access to attractive markets, new technologies or products, lower-cost manufacturing

capabilities or even key customers? What type of buyer would be the best match? Options include competitors, private equity firms, foreign companies seeking a foothold, or even large customers or suppliers seeking vertical integration.

So, rather than looking to a market-wide barometer to determine optimal timing for pursuing a transaction, review this "micro-climate" - the conditions that are relevant to your specific company, industry and objective.

In order to do it right, the time and effort required for researching, qualifying and activating a deal will be substantial. If your team is stretched or lacks experience in the M&A space, seek outside expertise with depth in your industry and markets. In the end, an investment in M&A services can improve the probability of a successful transaction.

Choosing the right time to pursue an acquisition or sell-side transaction depends on a variety of factors.

While the M&A market overall is currently quite favorable, it's more important to take stock of your own landscape. Success in M&A is not achieved by chance, but by planning and perseverance.

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