



GETTING ACQUISITIONS ON TRACK

Mergers and acquisitions have spiked in recent months, as middle-market businesses look to grow and baby boomer entrepreneurs retire.

But unrealistic expectations, poor planning, and culture clashes often foil small business mergers. Indeed since the recession, M&A is going ballistic. However, many chief executives wake up the next morning with buyer's remorse. Once you buy, there is not a lot of time to make it work as it becomes far more a tug of war between two company cultures than collaboration on a new entity that is likely to be much better than either company was before.

DICTATING COMPANY FORTUNE

Often, deals can be worth hundreds of thousands of pounds and can dictate the fortunes of the businesses involved for years to come. For the chief executive leading an M&A it can represent the highlight of a whole career. Little wonder then that we hear about so many of these transactions, they are happening all the time. So next time you flip through the business section of your newspaper, odds are good that at least one headline will announce some kind of M&A transaction.

THEY CAN SOMETIMES FAIL

It is of course no secret that plenty of mergers do not work. For those who advocate mergers will argue that the merger will cut costs or boost revenues by more than enough to justify the price premium. Sounds simple? Just combine computer systems, merge a few departments, use sheer size to force down the price of supplies and the merged giant should be more profitable than its parts.

Historical trends show that roughly two thirds of big mergers will disappoint on their own terms, which means they could lose value. The motivations that drive mergers can be flawed and efficiencies from economies of scale often prove elusive. In many cases, the problems associated with trying to make merged businesses work are all too concrete.

A TOUCH OF REALISM

But remember, not all mergers fail. Size and global reach can be advantageous, and strong managers can often squeeze greater efficiency out of badly run rivals. Nevertheless, the promises made by deal makers demand the careful scrutiny of investors. The success of mergers depends on how realistic the deal makers are and how well they can integrate two companies while maintaining day-to-day operations.



TIP OF THE MONTH

To combat feelings of being overwhelmed, break down your goal into digestible and doable activities:

- Start with a clear vision.
- Break the vision down into spokes.
- Develop a group of activities to accomplish each spoke.
- List no more than six activities that directly relate to a spoke.
- For maximum result, make the list the night before.

