

### **TEN TIPS FOR A SUCCESSFUL ACQUISITION**

1. **Develop a clear acquisition criteria document.** Prepare a one-page criteria sheet specific enough to avoid companies you clearly would not be interested in but broad enough to ensure an adequate number of potential candidates. Company size, geography and price range are among the criteria to specify.
2. **Approach candidates proactively.** Invite the business owner to lunch, saying, “I’d like to chat with you about where your company is going and whether there might be any strategic possibilities between the two of us”. This can be done locally, on business trips or industry trade shows, etc.
3. **Build the relationship.** Sellers prefer to sell to people they respect. Talk about your values and what you are trying to do with your business in a general strategic sense. Create a level of trust that will encourage sellers to share information about their company with you.
4. **Keep your ego under control.** More deals break down due to ego than any other factor. Expect some “ego-flexing” from sellers and be prepared to listen. Check your own ego at the door.
5. **Don’t over-react to the initial asking price.** Sellers often ask for more than the business is worth. Instead of responding with surprise or indignation, simply say, “That’s interesting. When we have some time, I’d like you to share with me how you got to that figure”.
6. **Don’t neglect the seller’s emotional issues.** Most sellers are emotionally tied to and proud of their business. It is their life’s work and they need to know that their baby will be taken care of. At the same time, don’t get too emotionally involved yourself. Be prepared to walk at any time.
7. **Find out why the seller is selling.** Few things will give you more leverage during the negotiations than knowing why the owner wants to sell. Keep asking until you find out the real answer.
8. **Don’t require the perfect acquisition.** Small to medium size businesses have strengths and weaknesses. Be prepared to work on the weaknesses if the overall fit is right.
9. **Perform due diligence.** Utilize existing personnel or hire experts to complete a thorough due diligence investigation of the business. Every acquisition entails a level of risk. You need to identify the potential risk areas and minimize surprises after the close.
10. **Don’t close the transaction without a detailed integration plan.** Buyers have a great opportunity to improve performance and retain employee morale by implementing changes swiftly. Demonstrate your leadership by presenting a vision for the future of the combined entity. Employees want to “get on the team”.