

No “I” in merger

Building a successful deal team

Selling or buying a company is time-consuming — even full-time — work. Owners and executives who expect to run their company as usual during the M&A process generally find that they can’t do both jobs well. By assembling a deal team made up of key employees and professional advisors, you relieve some of the pressure on yourself. Your company is also more likely to successfully complete a deal quickly.

Coaching the deal

Deal teams range in size from less than a handful of people to a dozen or more, depending on the size of the company and complexity of the proposed transaction. Teams are responsible for moving a deal through every stage of a merger — from initial inquiries and analysis to due diligence, negotiations and, in some cases, integration.

Although it’s usually led by a professional advisor or the company’s owner, CEO or CFO, an effective deal team should include representatives from all major areas of a company, including accounting, legal, IT, personnel, public relations, and, if the company has significant holdings, real estate. M&A, financial and legal professionals work with the team to draft a deal plan and timeline and help the members stay on course.

Following the game plan

Typically, a deal team starts by setting rules to protect confidentiality and establishing a line of command. The team’s leader should encourage open communication from all participants during every stage of the merger and give members clearly defined tasks that contribute both to the

objectives of each stage and the ultimate goal. These might include:

Initial stage. A seller’s deal team needs to prepare the company for sale, prepare nondisclosure statements and a confidential business review, and put out feelers for potential buyers. A buyer’s deal team should size up potential sellers and select a target.

Due diligence. At this stage, both buyer and seller teams are responsible for processing and organizing large amounts of information — including financial, legal and operational. Sellers should ensure that documents are available and easy to review and that procedures are in place to protect proprietary information. Buyers should strive to be as thorough as possible, given the usually limited timeframe.

Negotiations. Buyer and seller teams often work together to draft and edit the details of the purchase agreement. Financial advisors play a particularly important role if the parties encounter roadblocks on price and deal structure.

The team’s job isn’t necessarily over when the paperwork is signed. Companies often rely on their deal teams to handle employee and public communications and last-minute issues such as regulatory compliance. And buyer teams often conduct the integration process.

Best outcome

Mergers can be stressful for everyone, particularly company leaders. But if you distribute deal responsibilities among the members of a focused and well-organized team, your company can enjoy a much smoother process — and a better outcome.

