



Peter A. Sokoloff & Co.
Investment Bankers and Financial Advisory
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The Art of Finding the Right Company to Acquire

This is the first in a series of short articles about M&A by Senior Managing Director Pete Sokoloff. We hope you find it informative and useful.

Successful M&A begins by finding the right company to acquire. If corporations spent as much time and focused effort in the search as they do in their own business execution, we would hear less about corporate M&A strike outs and more about home runs.

Some large corporations are under the impression that their “deal flow” from brokers and colleagues are sufficient to get the job done. Corporate development staff, well disciplined in due diligence and negotiation, will get the job done once the target has been identified. And identifying the right target often requires more man power and research than a relatively small corporate development department can handle.

We had a Fortune 500 client a number of years ago. A total of three corporate development professionals were in place to service a multinational organization with five different operating divisions. Each division had “making acquisitions” as part of their yearly plan. Year in, year out few acquisitions had taken place. The three corporate development staff were overworked - negotiating channel partnerships, producing strategy documents and trying to review the mass of potential M&A candidates from brokers and referrals coming in unsolicited over the transom.

Typically the corporate development exec would quickly scan the document and see if a light bulb went off. If it did, he would forward it to someone in the operating unit. Then everyone would play a game of tag until the operating unit responded. Usually the response was “We don’t have time to review this and it doesn’t really fit our needs.”

After years of forwarding not-quite-on-the-mark opportunities and never really getting off the starting blocks, corporate development and operations had simply stopped taking each other seriously. The company developed an unfortunate reputation for wasting a lot of people’s time and never getting to an offer.

Then they hired our firm to help. Now, I wish I could say we straightened them out and hit a home run. But even our firm could not overcome the dysfunctional environment at this company. Two months into the assignment, we all woke up to a press release from the company’s CEO saying the company was officially not going to make any acquisitions for two years.

The CEO was reacting to the fact that, despite telling the Street for years that they would make acquisitions, they had yet to do so. So, in a classic case of corporate spin, the company basically said it really didn't want to do acquisitions anyway.

The solution to finding the right M&A is to have an abundant source of correct targets to choose from. This is where my firm excels. We are constantly adding to a database, currently at almost 16,000 contacts, representing firms all over the world in the industries we serve. Our buy-side clients come to us because they are serious about acquisition as a corporate development strategy and know we can help them succeed.

Another client several years ago began working with us. Over 18 months we talked to 300 companies, executed 60 NDAs and finally helped this client make the first acquisition. That success bred more success and we have since made several other acquisitions with this client. So a happy ending was achieved, which is always our goal!

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We can quickly help you present your opportunity to a worldwide audience among our network of thousands of targeted, highly qualified companies. *Distinctive from other investment banks, we specialize in your domain and can help you make intelligent choices about strategy, targets and business plan.*

Whether you desire to buy, sell or merge, Peter A. Sokoloff & Co. can streamline the entire process by improving your odds of closing a successful M&A, while minimizing executive time and effort spent.

For a free consultation to see if RapidMatch™ can meet your requirements, please contact Mark Schwartz, Managing Director of New Business Development, telephone: 818-547-4500, e-mail: mschwartz@sokoloffco.com

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