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Mergers & Acquisitions - The strategy for success

For most business owners, their long-term goal is to expand the business they've built, and many turn to mergers and acquisitions (M&A) as a route for fuelling business growth.

However, M&A typically entails an intensive upheaval process; the only way to ensure that this upheaval will be worthwhile is by carefully managing the merger or acquisition from the outset, and adopting the right strategy.

Here, we look at three core elements to a successful M&A strategy: vision, caution, and clear communication.

Vision and focus

Before undertaking a merger or acquisition, you must have a clear vision and focus for what your business hopes to achieve. This vision must be unified and specific, so that all parties involved understand the business's new strategic direction, including board members, who should be regularly briefed and updated as the merger or acquisition progresses.

Maintaining focus on the collective vision in this way will guide and inform M&A activities, keeping all parties on track during the early phases of the process and into the future.

Importantly, when crafting a strategic vision, business owners are strongly urged to call on experienced legal and financial advisors who have an in-depth knowledge of M&A.

Proceed with caution

Caution is of paramount importance in M&A. To ensure that all actions are prudent and useful, an advisory committee should be established before starting the M&A process. The committee should include relevant stakeholders, key representatives from both companies, and an external specialist to guide the conversation, strategise, and mediate if necessary. During committee meetings it is imperative that everyone respects the external advisor's views and expertise in order for their service to be a worthwhile expense.

Working with the advisory committee, you must continuously evaluate all progress and take necessary measures as quickly as possible should any complications arise. The advice of the committee and of the external specialist in particular will greatly contribute to the merger or acquisition unrolling smoothly, with minimal disruption to either business.

Clear communication

When devising a strategy and setting up an advisory committee as described above, the overarching key to success is clear communication. All parties involved, including employees, must communicate openly with one another for the merger or acquisition to be successful in the long term.

In addition to holding regular meetings of the advisory committee, make time to regularly meet (virtually or in-person depending on comfort and convenience) with any stakeholders or advisors to keep the lines of communication open. This is important, as research proves that face-to-face meetings (virtual or in-person) allow for better, more effective communication than emails and phone calls.

Open communication with employees is equally critical for a successful merger or acquisition. To maintain morale, the advisory committee should keep staff informed of any progress, and provide continual guidance as to how employee roles will be affected, either through regular group briefings or one-on-one meetings. Employees should be able to discuss their concerns freely within these settings, while personal and departmental goals should also be set to help streamline the adjustment period for staff.

Employees should also be encouraged to share constructive criticism or ideas through a comprehensive feedback system. The advisory committee should then take all such criticism onboard and respond to feedback in a timely manner.

Having open channels for communication with employees will also make them feel valued while giving reassurances that all is proceeding smoothly with the merger or acquisition. Failing to communicate with staff, on the other hand, can lead to employees harbouring resentment and losing focus on the unified vision.

Looking to the future

The true indicators of a successful merger or acquisition are longevity and sustainability. As such, the advisory committee should continue to meet regularly after completion of the operational M&A process to review financial progress, marketing programmes, and staff morale—because, as every entrepreneur knows, there are always areas for improvement.

For more information, or for expert advice on business or personal legal issues, call us on 020 3475 6751 or via email at info@carterbond.co.uk

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