



Acquisitions

A Growth Strategy To Consider

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Most business owners have never considered the possibility of acquiring another business (it's difficult enough to run one business, right?). During phases of financial instability, many owners have become concerned that a slowed economy would prohibit taking such a step. However, this is precisely the time to consider acquisitions for six important reasons.

1. Companies are now available for sale

Many baby boomer business owners, who were otherwise ready to retire, held onto their businesses over the past few

years in an attempt to ride the last wave of the booming economy. They are now ready to get out and will be accepting lower offers.

2. Acquisitions are really about companies in search of CEOs

You could be well positioned for growth through acquisitions if you have concluded that you want to be in business for the next several years and have a talented CEO in place. (The talented CEO could be you!) Many companies struggle to grow because the President is really a doer within the company (a technician or a salesperson) instead of a business leader. This is such a crucial element of acquisitions that it may result in

smaller companies acquiring larger companies, particularly when the transaction is between two privately held businesses.

3. Acquisitions can be financed from within

At the risk of sounding like a cable channel "advertorial," it is possible to purchase a business with "no money down." Interest rates have been dropping and banks are looking for transactions. The acquisition of a profitable company can often be financed by the receivables of the acquired business.

4. The cost of acquiring talent is a factor

Hiring one person at a time can be extremely expensive. Although the unemployment rates have changed a bit over the past few months, the competition for knowledgeable workers remains fierce. An acquisition can bring several people to your company who are already comfortable working together as a team. Think about the costs associated with building teams and achieving real synergy. It's worth any investment to keep an

existing team together from the acquired firm. It not only reduces recruitment costs but saves training time and resources as well.

This is precisely the time to consider acquisitions for many important reasons.

5. Customers are demanding bigger, better, more, and faster

Advances in technology have put customer expectations on steroids – so much so that they outpace most companies' capacity to create new products or improve their service. Acquisitions can seem expensive at first blush, but the numbers often stand up when com-

pared to investments in research and product development.

6. Acquisitions could resolve your company's limitations

If you may have only been viewing acquisitions only as a way to extend your company's existing strengths, it might be time to consider an acquisition as a way to address your company's needs or vulnerabilities. No one is great at everything: the acquisition of a competitor or producer of a parallel product could help you capture a market, resolve production problems or result in new products that are ready for sale much sooner. It is definitely faster and usually less expensive to acquire an existing operation with a trained staff in place than trying to add it on "from scratch."

An acquisition may sound like a huge project at first, but with planning and objectives in place, it is a growth strategy that can produce results very soon after implementation. **N**