

“Pursuing an acquisition strategy”

By Mike Brown, head of corporate finance, Anderson Anderson & Brown, Chartered Accountants

“If pursuing an acquisition strategy is a critical part of a company’s growth plans, then serious consideration should be given to a more proactive approach to identifying appropriate acquisition opportunities”

The potential benefits of growth from successful acquisitions are considerable, however, acquisitions can be risky and consume excessive management time. Indeed, when a company is planning to make an acquisition, it can be a time consuming process and most organisations do not have the resource capability to fully research the marketplace for appropriate opportunities.

As a result, the companies that are looking to make acquisitions are often reactive to opportunities as they become aware of them in the marketplace. There is nothing wrong with taking this approach, and indeed we work with a number of clients on this basis, however if pursuing an acquisition strategy is a critical part of a company’s growth plans, then serious consideration should be given to a more proactive approach to identifying appropriate acquisition opportunities.

This would involve developing a focused acquisition strategy and then conducting a detailed review of the market to identify specific targets based on the company’s acquisition requirements.

Once a shortlist of potential targets has been agreed, a high-level review of each target would usually be undertaken covering the following:

- History and background
- Products and services
- Locations and facilities
- Management and employees
- Market position
- Customer profile
- Future prospects and
- Financial performance

This will facilitate detailed discussions at board level as to the strategic fit of potential targets and this process in itself is usually beneficial as it will highlight to the purchaser what they are specifically looking for in a potential acquisition target.

After the board of directors have agreed on the relative fit of potential targets, serious approaches will be made to the most attractive targets and from there initial talks will be held with the target’s shareholders. In some cases, the vendors will simply not entertain the approach but in others the contact may just have been made at the right time and this can often allow the purchaser to complete an ‘off-market’ deal which can be mutually beneficial to both parties.

We have a proven track record for initiating deals in Scotland and, for a number of our clients,



Mike Brown

we manage and co-ordinate the entire acquisition process on their behalf so they can maintain their focus on their existing business(es) and at the same time actively pursue an acquisition strategy.

Whilst there is a strong reluctance in some quarters to making the initial approach to potential acquisition targets, in the knowledge that it may impact the vendors price expectations, our recent experience has shown that purchasers who take a proactive approach to their acquisition strategy are far more likely to identify suitable acquisition opportunities in an appropriate timeframe. ■

Mike Brown can be contacted on
(01224) 625111
or by email at
mike.brown@aab.co.uk

Do you think your business has growth potential?

- Thinking of expanding overseas?
- Thinking of diversifying into new markets?
- Thinking of developing new products?
- Thinking of making a strategic acquisition?

IF YOU WANT TO ENERGISE YOUR BUSINESS STRATEGY – THINK OF US!

Contact Mike Brown or Douglas Martin on 01224 625111

ANDERSON ANDERSON & BROWN LLP, 6 CARDEN PLACE, ABERDEEN AB10 1UR
corp.fin@aab.co.uk • www.aab.co.uk

