

Fine Wine, Cheese and M&A?

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What do wine and cheese have to do with M&A? Well, unlike fine wine and good cheese, M&A transactions don't age well (I heard this analogy recently at a TAB Board meeting). M&A transactions are driven by timing considerations, both internal and external. Market conditions continually change and having your transaction consummated when the market is most receptive is paramount. Missing the mark can have heavy consequences on items such as taxation or valuation. Likewise, internal commitment and momentum make for efficient transactions.

Deals require continual, steady movement forward; transactions without momentum waffle and struggle to gain pace. Some timing can be controlled by the parties. For example, responding to inquiries and questions as quickly as possible. Letting emails sit, even for a day, can have major impacts given that most M&A transactions have many parties involved. Slow-moving parties can trigger rippling impacts that may lead to unintended consequences. M&A transactions do not adhere to a 9 am to 5 pm workday. I always advise clients, especially sell-side clients, that they should work their business 9 am to 5 pm and sell their businesses 5 pm to midnight (and of course weekends). Like a marathon runner, M&A deals need to find the pace and stick to that pace to finish the race strong!

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