

Is a Merge or Acquisition Right For Your Firm?

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Should you be considering a merger/acquisition for your firm? Certainly that is a strategic question for any business that has an objective of business growth. If that is an objective for your firm, here are some things to consider when determining whether you should pursue a merger/acquisition.

There are several reasons to merge or acquire (with the same considerations in play if you are ready for a transition or are available for an acquisition):

1. You need people. In talking to architectural and engineering firms all over the country, business is good and people are busy; sometimes doing more with less and in need of more people to carry out projects. It's not always the company with the most money that wins contracts and business. The company with the right talent usually comes out on top.
2. You want to diversify your product/service offering. Right now there are certain project focuses that are hot. Anything medical related is gaining momentum. Schools, both K-12 and higher educational institutions are starting to spend more money, renovating and funding projects.
3. New skill sets are desired. You have a good group of people but need certain areas of expertise bolstered. Some firms available for acquisition have a good concentration of skill sets within those that are professionally registered and/or certified. Sometimes this also comes into play when seeking that next level of partnership, ownership or management. Acquire the company, acquire the people, acquire the expertise.

4. Operational synergies are available with acquisitions. There is a tried and true saying that a merger and/or acquisition should be a $1 + 1 = 3, 4$ or 5 situation, taking advantage of synergies and efficiencies of all sorts. That is a bottom line focus all that improves with a merger or acquisition.
5. There is a lot of talk right now about acquiring to, “get out of the gap.” Competition that is larger, offering more resources are winning business over smaller firms in the gap. Combining resources allows for a more competitive position with resources and offerings equal or better than competition.
6. Those who have successfully acquired companies will state that it is typically less expensive and much quicker to buy a business than to build business from scratch.

Whether or not to pursue a merger or an acquisition is dependent on your strategic goals, your mindset for growth and being able to fully analyze the benefits that come with acquisition. With merger and activity up in this business cycle, one or any of these may justify either selling your business and being acquired or acquiring one to add to your strengths and current value proposition.