



# Inbox

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## Insights

### Our Wishes for the M&A Market in 2010

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It's likely that everyone would agree 2009 was a tough year for buyers, sellers and advisers in the M&A arena. Depending on the index you follow, M&A activity was down close to fifty percent and the blame is wide-spread. Banks have been blamed for not wanting to make loans, sellers have been blamed for having pricing expectations that are not realistic, buyers have been blamed for being too conservative and the list goes on. Since 2009 is nearing completion, let us help you think about a more positive M&A year in 2010 with the wishes that follow.

**Wish 1 Let the economy recover.** Our local economy took a big hit in 2009. A lot of good manufacturing jobs were lost, and in general, it was a tough year on companies and people. We hope that recovery happens soon and that we all start feeling more confident about the future.

**Wish 2 Let there be credit.** There is no doubt that the banks pulled back in 2009. Were the banks too aggressive in 2006 and 2007? Probably, but the pendulum swing to the other extreme was very difficult to absorb. Let us all hope that in 2010 money is available to finance good deals at good prices.

**Wish 3 Let sellers be better prepared.** We see too many situations where owners make the decision to sell their companies without having planned for the event at least 2 years in advance. This often leads to some disappointment (usually financial) when the transaction occurs. Let there be planning in the new year!

**Wish 4 Let sellers have realistic pricing expectations.** There continues to be a gap between sellers expectations and reality. With buyers being more disciplined, we have seen a significant drop in deal flow. We wish for sellers to get good, fair prices that meet their *reasonable* expectations.

**Wish 5 Let buyers get some courage back.** Sellers are not totally to blame for the gap in pricing. Buyers, especially those that were active in 2006 and 2007, have sometimes become too conservative and cautious. We agree that a disciplined process is important and welcomed, but we wish buyers to get some of their swagger back.

**Wish 6 Let the right team of advisers be involved.** Sellers, in particular, put too much emphasis on the *cost* of the advice rather than the *value* of the advice. Since selling the business is often the largest single financial transaction that the owner will enact, we wish for the right teams on both sides of deals in 2010.

**Wish 7 Let there be peace.** We wish for peace of mind for educated buyers, sellers and their advisory teams. We've seen goodwill and contentment for both sides of completed deals, and we look forward to seeing more of this in the new year and years to come.

**Wish 8 Let all our readers' M&A wishes for 2010 come true.** There are many other things that buyers, sellers, bankers and advisers are wishing for after the last 15 months, and we hope all are realized.

Finally, Kolb+Co. wishes you a very happy, healthy and prosperous 2010.

Cheers,

John and LeAnne