

## M&A "War Stories" \*

### Buffet or A la Carte?

*This is not about food! Much like good eating, good investing requires discipline and preparation.*

A sumptuous buffet may appear tempting at first, but it rarely satisfies the palate. Eating too much, from too many dishes that you never wanted anyway, can only result in indigestion - plus a nagging feeling of not being quite satisfied (e.g. no space left to try that scrumptious chocolate cake, which looked so good on someone else's plate....).



We sometimes get requests from investors to review profiles of virtually all sell-side mandates we have (and they are a lot) regardless of sector, transaction size or other investment criteria. This is the "buffet approach".

If you have an "investor's appetite" but have not quite made up your mind what you want, you can shop around for ages. But, you will most probably end up with an information overload ("indigestion") and a feeling that you are still not quite satisfied, that there is still something you haven't tried.

Unlike most "agents" and "introducers" we only offer those deals which we believe are suitable for each investor. We do not offer a "buffet" with the hope that the investor will be tempted to indulge. Simply because the buffet approach is usually a waste of time, for all involved: the would-be investor, the seller and the intermediaries on both sides.

*Whenever we are approached by investors, our first job is to discuss their motivation for investing, their financial means, their previous expertise, their expectations and risk appetite. In other words, we try and steer them towards an "a la carte" approach. It is surprising how quickly you can narrow down the field of suitable investments, if you know what questions to ask (and if you get candid answers).*



A pre-requisite of the a la carte approach is to draft a buy-side mandate, which has two main advantages:

First, the mere process of discussing what type investments are suitable and putting this down in writing, enables both investor and M&A Advisor to **focus productively**.

Second, it **opens up new possibilities**. The M&A Advisor is freed from searching only what's currently available on the market and can be pro-active in sourcing off-market deals and in doing what he is best at: namely, deal-making!

**The Resume:** A buffet may offer variety, but in the best case it only includes what someone else has cooked to (hopefully) please most people, most of the time. In the worst case, it's yesterday's dinner, recycled. Nothing beats having a professional chef prepare your dinner, exactly the way you want it!

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*\*Anthropologists tells us that we were hunters / gatherers during the first 90% of human history; domestication of animals and agriculture came much later, "only" 12.000 years ago. During that long hunter/gatherer stage, we used to gather around the fire at night and share experiences: stories of courage, danger, mishaps & skill, achievements and failures: War Stories. So, when modern-day entrepreneurs, professionals and work colleagues share experiences around the coffee-machine in the office, or over a round of drinks, we are actually carrying on a tradition which is as long as the history of humankind.*

*Our series of M&A War Stories is based on real-life experiences. M&A colleagues, professionals active in transaction advisory, investors and entrepreneurs are invited to contribute their own stories, or participate in the discussion.*