Are We Selling A Business or Watching 'Die Hard'?

There is **a lot of drama involved in selling a business**. According to Wikipedia, the movie series "*Die Hard*" is about "a police detective who continually finds himself in the middle of violent crises and intrigues where he is the only hope against disaster."
If you use the "strong or powerful" definition of "violent," that **pretty much describes many M&A deals**.

Some deals never die, and like layers of a PCB, the Nakatomi Plaza has many floors. Each floor and every deal has many steps, and **danger can await around every corner**.
Some deals **die quickly**, which is best for all parties if the deal was going to die anyway.
Most deals **die several times** during the course of the process. Sometimes, the death is due to something that is found in due diligence by the buyer, and many times the cause of death is a drop in results by the seller. If both sides can agree to a resolution, the deal can march on.

Sometimes, a deal can die due to something that happened with the buyer or some other outside factor like a fall in the market or a drop in the economy. We have had several deals that went into "zombie mode" to be brought back to life even years later.

Lots of planning, effort, and expense go into all phases of the deal. The more both parties have **sunk costs** into the deal, the less likely that they will truly walk away. How bad does the movie really have to be to actually walk out of the theater? I have only walked out of the theater for one movie — *"Lost in Translation"* — but I ended up watching it later in full on DVD. If you have a **better alternative or backup plan** (or plans), walking out is easier — or it makes it easier to move on if the other party walks away. The truth is the more that a deal dies and recovers, the more that both parties are committed. Just like in "Die Hard" after going through a range of ups and downs, Bruce Willis made up with his movie wife in the end.

How do you keep deals from dying?
First, try to **take the drama out of the deal**. Tensions start to run high when the buyer calls your baby ugly for the 10th time or when the seller takes too long to respond to 50 pages of due diligence requests. The seller's advisors have been through many deals, and they have less at stake, so rely on your advisors to determine what is normal and what is out of bounds. The owner can vent to their advisors, and it will not affect the deal.

Being well-prepared helps the deal go more smoothly throughout the process. The more that due diligence is prepared in advance, the easier it is to respond to further questions or to any changes in the business. Many owners take their eyes off the ball during the sale process, and the business can suffer, which affects everything. Have you seen any movies that were not well-prepared? Most people would rather see a well-produced Hollywood feature film than a "*Blair Witch Project*".

Get rid of "the brother." Many times, there are **too many voices in a deal**. The seller often has too many advisors, including family, friends at the club, consultants, managers, and hired advisors. It is good to get sound advice, but the seller needs to stay committed. Buyers often have too many consultants who ask too many repetitive questions during due diligence. All parties should focus on what is really important. We do not always get what we want, but we usually get what we need from the deal.

What is the ulterior or real purpose of the deal?
In the first "*Die Hard*" movie, Hans Gruber's true motive was to steal $640 million of bearer bonds. In real life, both the seller and buyer have main and secondary purposes for the deal. The buyer probably will not tell the seller the true and full strategy for acquiring the company, and the seller probably will not reveal everything about their personal financial situation and goals for post-sale. The more that you can learn about the other party and what their true goals are, the more that you can keep the deal on track.

Try to clear the decks while selling a business.
It is hard enough to get through the process even if there are no distractions: imagine trying to do this during holidays with travel, family drama, and all kinds of other things going on. You might not want to schedule an AS9100 audit during due diligence or hold off on a major re-organization. If there are too many distractions, the next thing you know, East German terrorists have taken over your Christmas party.

When a deal really dies, all parties feel like they are falling out a window for 30 stories, shouting, "Nooo!" I have hung up the phone many times, thinking, "Well, that deal's dead-dead," only to have the deal come back to life, then die again, and then come back to life and close.
Just like Bruce Willis, we can never give up. "Yippee ki-yay!"

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