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## **Good deals are possible even in a tough market, says KPMG**

### *Three Common Attributes for Successful Deals*

**While a softening economy, impatient investors, and tough financing terms imposed by banks will continue to pose challenges in the mergers and acquisitions (M&A) market, a KPMG study identified some common practices that differentiate the leading deal-making teams from others. “Our analysis reveals some specific steps that corporate M&A teams and Private Equity investors can take to replicate the operating models of companies that are ‘champions’ at successfully creating sustainable value on a consistent basis,” says Balázs Gál, Transaction Services Partner at KPMG in Hungary.**

KPMG surveyed 160 U.S. and European companies to identify the organizational and implementation attributes of successful M&A deals and identified certain practices that are considered to have the greatest impact on their success, regardless of industry or the geographical location of the deal:

- **Due diligence:** “Champion” teams utilize a different set of resources -- and more of them -- to verify a broader set of business issues and better refine their valuation models. Champion companies spend a third more time in the due diligence process than the less successful companies.
- **Monitoring post-deal results:** Leading companies measure the performance of their Corporate Development managers by using post-deal results. Some 60 percent of champion companies give their business development teams responsibility to get the new business ready for Day One, twice the level of involvement reported by the least successful organizations.
- **Stabilizing the business:** Leading M&A teams take the required steps to quickly stabilize and gain control over the activities of the new organization as soon as the deal is done. Leading companies seem to be able to stabilize the new business 33 percent faster than less successful companies.

“Companies are working to improve their M&A capabilities and approach because the tougher financing conditions leave a smaller margin for error in any deal, and a softening economy is making it even more difficult to find post-deal synergies,” says Balázs Gál.

“There are many changes an organization can make to achieve better M&A results while minimizing disruption to their existing operating model,” says Gál. “These three attributes of successful deals are relatively simple to understand and implement, so commitment to evaluating and changing M&A processes can greatly increase the odds of delivering a successful deal.”

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