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Handling a Merger or Acquisition: How to Support Your CFO During a Deal

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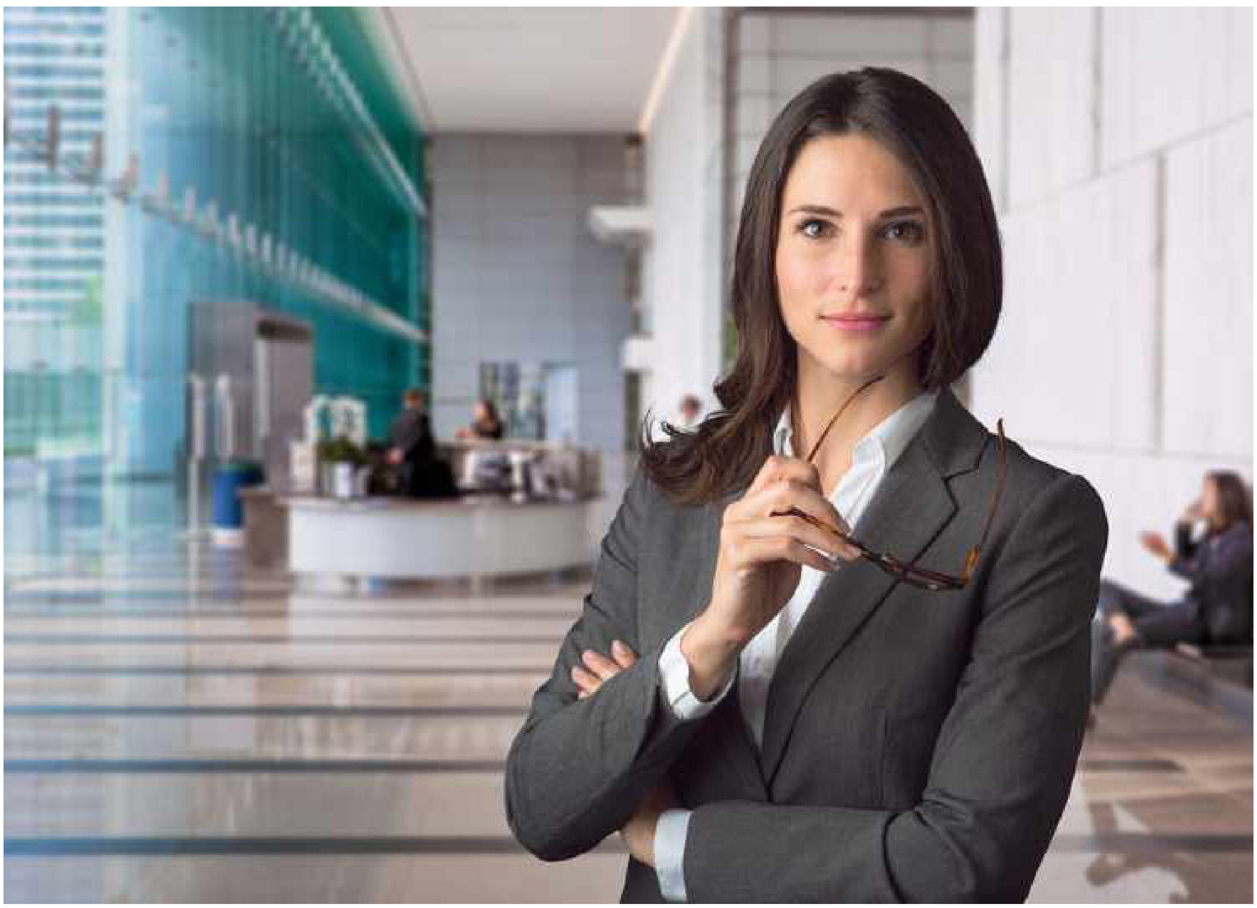

A CFO is a vital part of any organization's makeup, managing all financial planning and actions, tracking cash flow, and analyzing how improvements can be made to increase profitability, all while communicating this information to key stakeholders.

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When a merger or acquisition occurs, however, a CFO may face responsibilities outside of their normal scope. Specifically, they may not have the skills needed to usher a deal to a conclusion. In situations like this, executive board members may be tempted to hire a new CFO with more M&A deal experience. While a new hire might seem like a sensible option, bringing a new CFO on board can be costly for your company in more ways than one.

Firstly, the monetary costs of the hiring process are high and often not worth going through for skills that will be rarely needed, and only for a short period. Additionally, bringing in a new CFO can cause unnecessary disruption to a company's culture and workflow. Considering that stability and continuity are especially crucial during a merger or acquisition, it may be advisable to avoid such a significant change in leadership.

A better option may be to outsource deal management skills as needed. The advantages of this include:

- **Saving time and energy.** When being approached for a deal, you likely are pressed for time and resources. Outsourcing M&A expertise eliminates the need to spend even more time and effort in hiring someone.

- **An existing in-depth understanding of the company.** Your current CFO is already very familiar with your business's processes and functions. While a new CFO may have better deal management skills, they will require more time and training to gain a full understanding of your company. Outsourcing deal management skills means that you can be fully confident in both of these areas.

- **It's a good deal.** Calling in the experts in deal management puts your company in the best position for a successful transaction.

While your CFO will still be able to weigh in on financial matters, outsourcing negotiating expertise during a deal will allow them to focus on their primary responsibilities. The CFO should maintain a much-needed sense of consistency and predictability, which can help prevent feelings of uneasiness among employees and investors. They can continue to do what they do well

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– from managing company accounts to advising executives and investors about current results and future earnings.

An outside expert can devote the time a CFO cannot to liaise with stakeholders involved in the merger or acquisition. This “external CFO” should be able to:

1. **Explain the company’s history and future opportunities.** Contextualizing the company is an essential part of helping investors and potential partners gain a broader understanding of your business.

2. **Provide evidence of the company’s future value.** Your expert negotiator should be able to supplement the CFO’s information on how the company has made money until now and provide a quantifiable view of the company’s current and projected financial standing.

3. **Be accessible to investors.** Perhaps the most important and valuable quality of an outside expert is that they will be much more accessible to investors, as they are not also handling the day-to-day running of the company. They will be able to quickly answer investors’ questions and provide information in a clear, accessible way.

Overall, while it may be possible for one person to take on the responsibility of maintaining a company’s financial life and be readily available to negotiate a merger or acquisition, the best results might be achieved by calling in an expert deal manager. Your CFO can focus on the important task of maintaining consistency and predictability, weighing in on the negotiations only when they are most valuable, as a knowledgeable, trustworthy source of information and evidence. Together, they will ensure the best outcome for your business.

Frank Williamson is the founder of Oaklyn Consulting, which helps private companies complete mergers, acquisitions, joint ventures and other strategic transactions; arrange financing; and manage investor relationships. Working as consultants, not brokers, and billing hourly, the team extends the capabilities of clients’ boards and management teams. Learn more at OaklynConsulting.com.