

## Four Common Deal-killers

By Geoffrey James

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Merger negotiating rarely follows a predictable script, yet some of the same problems derail big deals every time. Here are four of the most common traps — and how to avoid them.

### Problem 1: Unreasonable Preconditions

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**Example:**

The CEO of the acquired firm insists there will be no merger unless you guarantee he'll be able to run the combined firms.

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**Risk:**

If the demand is real and not a bluff, you don't have a deal.

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**Avoidance Plan:**

Make it clear at the beginning of the negotiation that everything must be on the table if there's going to be an eventual deal.

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### Problem 2: Strategic Leaks

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**Example:**

While you're still negotiating price, an article appears in the trade press quoting a "knowledgeable source" that the final deal will be in the high end of the negotiating range.

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**Risk:**

Destroys trust on both sides.

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**Avoidance plan:**

Insist that the negotiating teams be as small as possible. Point out, prior to negotiating, that untimely leaks may scuttle the entire discussion.

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### Problem 3: Delay Tactics

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**Example:**

Key people from the seller's negotiating team are unavailable when you want to have a substantive meeting.

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**Risk:**

The seller's company could be slowing the process down purposefully, perhaps seeking to generate another bid.

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**Avoidance plan:**

Start the negotiation with an explicit timetable agreed to by both parties.

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## Problem 4: Musical Chairs

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**Example:**

The people on the other negotiation team change from meeting to meeting.

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**Risk:**

New faces can easily result in renegeing of previously agreed-upon issues.

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**Avoidance Plan:**

Obtain a commitment prior to the first meeting that the same players will be involved on both sides.

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