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The human side of deals

There is a certain euphoria in dealmaking that stems from a promise made to a Board or market, the excitement of the courtship, a resulting marriage, or a decision to keep to separate paths.

The courtship

As an independent advisor, you become a participant, or in some cases, 'Maid of Honour'. We need to keep our clients (be they the buyers or sellers) objective and on the straight path. Others will intervene – the mother of the bride, or CEO, the siblings (other workstreams) and, of course, the father of bride, who is footing the bill. Our role is to keep the process going, being objective and independent, and making sure we do right by our client – the bride.

It is not the easiest role to fulfil, as one can get swept up in the moment. The beauty of our teams though, is that they have diverse backgrounds and, therefore, view a transaction from different lenses, while maintaining objectivity.

The engagement

My time in transactions has illustrated that the role of the independent advisor is crucial, and the fact that you have no bias regarding whether or not the deal is consummated puts you in the ideal position of seeing both sides. You are able to deliver hard realities when everything else is 'adjusted', because your success isn't based on a success fee. Your euphoria comes when your client makes the right decision, often in a challenging setting: when they walk away because it doesn't feel right, or when they celebrate as a successful union is announced.

To wed or not to wed

Nothing beats the feeling of seeing a transaction you worked on, even in a small capacity, being announced. But what does trump it is when your findings result in a client walking away, only for them to thank you years later for advising them that this was not the most optimal path. My very first transaction was exactly this. Months of complex due diligence in a sector that was the flavour of the time. We had a not-so-happy client when we recommended that the acquisition was not the best allocation of their capital. Needless to say, post our close-out meeting, we had not heard back from the client.

Years later, we found ourselves back in their offices when they were exploring another acquisition. This time, there were fewer advisors, less noise in the boardroom. I was three years into my career at the time. After a kick-off meeting, and as we walked back to the exit, the Head of M&A stopped us, and said "Thank you for advising us not to acquire XX years ago – that would have been a painful and expensive mistake". That was the moment I understood what 'trusted advisor' meant.

Understanding the human side of dealmaking and building trust with your client is what sustains longer term relationships. Clients will come back when they know that you will be honest and give them the hard truth. Sometimes, the uncomfortable message results in a better, more thoughtful negotiation and, at other times, they may opt to switch advisors for alternative ways of thinking. Irrespective, we need to be cognisant of what our role is, and as unavoidable as it is, human emotion cannot be 'adjusted'.

The union

Post deal announcement, and splashes across the media, is when the hard work begins. Equivalent to a marriage, you are introduced to and expected to integrate with a new family, perhaps even blended families and extended friend circles. Our time with the client does not stop once the conditions precedent are fulfilled. Often, this is when the different ways of working emerge, cultural differences begin to show, and integrating may be harder than simply showing up at Sunday dinner.

As an advisor, we are not the coach or referee, armed with the whistle, and perhaps the yellow and red cards. We are there to be the observer in the corner who will make notes, state the (sometimes) obvious, and look at how to bring out the best in both parties. This may be letting go of past practices, adopting better ones, and converging on a mutually beneficial basis. In consulting talk, this is what we term 'the blue-print', which – as much as it governs the path forward, processes, policies and procedures – also addresses 'the who and the how'. How the newly-weds will move forward, with obvious oversight from the respective families, but with their common goals in mind. And like transactions, the profile and numbers may look good on paper, but the magic of the integration is the true indicator of success.

The wise elder

While the advisor can guide in principle, our clients will make the call that they deem fit. Building a relationship with them, where we understand but don't always necessarily agree, is the path to building trust, with honesty and integrity. The uncomfortable conversations are not the easiest, but the ability to sleep soundly knowing you made the right call, is priceless. And those relationships will have longevity for generations to come.