# Key Questions to Ask When Considering M&A for Business Expansion

Mergers and acquisitions often provide a remarkable opportunity for business growth. As with any major business move, it also comes with possible pitfalls. There are numerous potential problems for a company facing a merger or acquisition, as outlined by John Barrows of JBarrows Sales Training. How do you know if your company is in the right place and time for a M&A? Let’s go over some key questions you should ask when considering a merger or acquisition for business expansion.

## What is Your Company Getting thanks to the M&A?

From revenues to customers, and human talent to patents, a merger or acquisition can bring you a number of opportunities.

You need to prioritize which of these are most important. Ideally, it should be something that is hard for your company to build on its own. For instance, if your business already boasts the market's best product, you should stay away from M&As that only bring in more customers because you can get those on your own without diluting your equity through the merger or acquisition.

## Will Your Business Become More Competitive?

Seasoned teacher and consultant, Enrique Dans, talks about how controlling your competitive advantage is always crucial. Consider two competitors locked in a fierce price war; they would probably slash their margins more than they should. If they merge, they could increase their prices and margins. The merger of the second and third biggest players in the market can help them both take the top spot as one entity. These are the competitive advantages that a merger or acquisition should achieve.

## Does it Make Economic Sense for Your Shareholders?

For an M&A, you will either pay with cash or with equity. In both cases, the ownership of your current investors will probably be diluted. Whichever way you proceed with the transaction, you need to ensure that the resultant business has a higher value together rather than apart. This is where your existing investors will enjoy a better dollar value of stock, despite their ownership percentage being less.

## Is Your Business Compatible with the One it is Merging with?

Sharing a vision is important for any two companies merging. The management teams should get along and their respective employee cultures should interweave well. You should do your best to minimize unwanted employee turnover as the two companies merge. If you arrive at the conclusion that the two businesses are incompatible, walk away from the merger or acquisition.

As Bain Insights discusses, getting the most out of a merger or acquisition requires you to do a lot of things correctly. Asking these questions is among them to help steer your company towards or away from a highly fruitful or calamitous M&A.

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