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Almost any newsletter, commentary or other publication in our sector must, perforce, refer to the "Credit Crunch" and the consequences arising from it. Indeed as we draft this newsletter Mr Bush is still locked in debate with Congress on the details of the mechanism that may save the world's financial system from a far more serious, if that were possible, crisis. One senator was reported as remarking that as his Bible tells him that God created the world in seven days there was no need therefore to rush to save the world in five... And yesterday when the result of the vote was announced the world appeared to stand still for a brief moment.

Chesham, in the 45 years and more of its existence has traded through several previous downturns; though today's circumstances are perhaps more acute than usual not least because financial systems today are globally interlocked to a far greater extent than in the days, not so distant, where each jurisdiction imposed its own local rules and customs on its banking sector. As a consequence, the chief differentiation in today's situation is the lack of appetite on behalf of banks to lend to each other. Interestingly some South American countries, for example, have been relatively untouched by the current crisis owing to differing banking cultures. (They probably have not, among other things, eliminated the role of the local Bank Manager).

Nonetheless in conversations with contacts in the market we learn, unsurprisingly, that there is money seeking a return and thus the potential for financing and completing a deal still exists; one simply has to look a great deal harder. Sentiment among colleagues and competitors is that transactions are still being discussed, opportunities are still being unearthed but volumes are down, perhaps by up to a third and more complex and uncertain to complete. Gloomier forecasts suggest that one might as well shut shop and spend time improving one's handicap over the next 6 months. Indeed things are moving so quickly these days that committing any opinion to paper is a hostage to fortune!

One potential vendor with whom we are speaking has recently completed a development phase including the pruning of loss-making activities and other improvements to his business. Nonetheless and even when the costs relating to the improvements are factored into the results the business, though doing well, has been trading slightly flat over the past couple of years. He is now faced with an interesting choice; a buyer has appeared who could be an ideal suitor and who might make a reasonable offer (all other things being equal) for the business. Under normal trading circumstances the vendor might be better advised waiting 6 months until the business improvements have started to bite and the Cash Flow and "Bottom Line" start recording the expected and substantial, forecast increases. Yet, in an uncertain market, cash is king and a buyer eager to close a deal today may well move on and with an alternative strategy accomplish his aims without making the hoped-for acquisition. Another vendor with whom we met recently reported to us that he has been advised by his solicitors to put everything on hold for six months; during the same conversation however and with the possibility of an overseas buyer in mind, proceeding with a sale has not been excluded. These anecdotes simply demonstrate a confused and hesitant market in which it is even more essential than ever to carry out sensible research and keep an open mind as to possible solutions.

As a result it is probably true to say that financial buyers, who led the pack in acquiring private businesses in the recent past, are today less strong. Perhaps we will see a resurgence of the trade buyer? Today however not even the most confident can absolutely count on their bank to provide debt to complete an acquisition!

Chesham is not an adviser; its job is to find opportunities and propose solutions; ultimately it is the vendor in conjunction with his personal adviser who has a grasp of not only the commercial but the personal situation of the vendor and his co-shareholders, that must decide.