



February 2009

Recession? What recession? This past month we have been occupied, as usual, not only with current projects on our books; currently 18 (representing some £70m in terms of total transaction size) of which, as usual, only a few will finally actually complete; but also with meeting prospective buyers and potential sellers. The remarkable fact is that as we lunch with future prospects and gaze around at the crowded tables and allow the conversations to wash over us it does seem to be very much business as usual. Agents are being vetted or interviewed, trade deals are being proposed, joint-ventures mooted and so on. Buyers we have met are planning acquisitions, in the UK and perhaps overseas. Foreign buyers are encouraged by the advantageous exchange rate and are anxious to complete deals while this lasts. Others consider that the UK is still the place where the most interesting and innovative deals can be pieced together. The sentiment is sober of course but by no means subdued. It is difficult to reconcile the view as seen from the ground and that described by analysts and commentators in the media.

At present we have noticed a proliferation of advisory businesses springing up; ex-bankers and others from within the Financial Services orbit are setting themselves up to offer assistance to owners of private firms; Strategy, Restructuring, Human Resources, Sales & Marketing and many other disciplines. It is often said that consultants serve merely as a mirror to the hard-pressed owner who really needs some-one with whom to vocalise or crystallise ideas he has already formulated in his mind. Indeed in this respect good advisers (it is no longer fashionable to be called a consultant) serve an invaluable purpose. Owning one's business leads to a lonely and sometimes frustrating existence. At Chesham we have of course offered such support for many years. We are not short-term players (although of course we like completing deals in the shortest time) and we have often visited and re-visited and kept in touch with owners offering such support and anecdotal advice as may be appropriate thereby helping people gradually steer their firm in a direction that is conducive to a good sale.

The basis of our offering is "No Deal No Fee" and we like to stick to this as closely as we can. This means we want to work with potential vendors as early on as possible and are prepared to wait until they feel the time is right. It is not for a firm such as Chesham to set the tempo but rather for us to adapt to circumstances. Sometimes we are invited to assist in situations where a company has already opened conversations with potential buyers. In these circumstances we normally make alternative arrangements to ensure a reward to Chesham simply because the risk we take is that our fees are entirely contingent on success.

Finally people or larger organisations will need to sell their businesses at some time or another; fresh owners will always believe they have better ideas than the exiting owners and thus a potential business cycle and deal flow exists to be exploited. This cycle continues and will continue despite the economic climate. We close with a remark we have made several times in the recent past but it bears repetition; it is at times like this that a professional firm such as Chesham should be consulted.