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The usual business cycle is about three to five years from the peak of one expansion, through the trough of one contraction and back to a fresh peak. Since the Great Depression of the early 1930 most recessions have been of a reasonably short duration whereas most periods of expansion have generally been somewhat longer. These remarks are inevitably general in nature owing to the many factors which can influence the economic cycle. Thus it is unsurprising that the last recession of 1990-92 having been followed by a vigorous period of growth and a short down-turn at the Millennium should have led to the deep recession we have been experiencing. Thankfully most economies have turned the corner, indeed some, such as China, have merely experienced lower growth than they otherwise might have expected had the world economy not dipped.

These matters are not of course as simplistic as the foregoing paragraph may suggest; politics in particular can have a malignant as well a benign effect on economic performance. Indeed there are those who believe that the global contraction might have been much more severe had people of influence not intervened with various rescue packages. This is not inconceivable; however the concern we shall all have over the next few months will be to hope that inflation will be kept at bay. At present interest rates are very low but were they to be increased too soon our economies may slide back into recession, whereas if lifted too late may lead to increased inflationary pressures over and above the pressures already built into the system as a result of political expediency. At the end of 2008 we remarked that the signs of a severe inflation some two or three years down the road were visible and that furthermore the measures then taken by the Chancellor merely made it inevitable. If our view was, and is still correct, the consequence will be that assets acquired now will be worth very substantially more in money terms in the near future. Vendors concerned about a failure to sell at or near current aspirations should consider the alternatives.

As it happens and as usual at the start of a new business cycle, far-sighted owners have adjusted their aspirations and have come to agreement with buyers; others, seeing a fresh period of growth have taken a different view. One business whose owners we had thought, had rationalised and accepted a slightly lower valuation have now entertained a fresh approach. In effect the existing buyer looks as if he might be gazumped in the next few days; our view expressed very carefully to the vendor is that he should consider the pros and cons of jumping ship. The price differential in this case is slight but the risk of failure is great!

The fundamental driving force behind the decision to sell is generally one of age; the logic behind selling and the desire to sell increases with age up to the age of 60 or thereabouts. Beyond this watershed the likelihood is that an owner will hang on and leave others to deal with the succession. Many years ago an octogenarian vendor of ours turned down a £7.5m offer; his reason? Twenty-eight grandchildren to whom he felt a duty! A laudable sentiment but in fact what happened was that without the fresh initiatives the buyer would have brought, the business contracted.

Since the beginning of the year we have been approached by a number of people with whom we have been in contact over the recent past, all of whom have well-established businesses they wish to sell. They are probably hitting the market at the correct moment and we look forward to working with them.

You only sell your business once and fresh owners will always believe they have better ideas and certainly will, at the very least, bring a fresh approach to the business. This is the fundamental basis of the business cycle and deal flow on which we work. This cycle is now poised to gather momentum as the economy climbs out of recession and heralds the moment at which a sale ought to be envisaged. It is at times like this that a professional firm such as Chesham should be consulted.