

## What is your company's M&A strategy? Experts offer tips for making one

■ Caurie Putnam

For companies looking to monetize, grow, digitize and/or diversify, mergers and acquisitions (M&A) are a key strategic option. In 2022 a total of 8,468 M&A deals were announced in the US, worth \$1.6 trillion in sum according to Mergermarket, a leading provider of M&A data and intelligence.

To identify crucial steps that business leaders interested in pursuing an M&A deal should take, we talked to three leaders in three different key industries that support successful M&A activity: Law, accounting, and banking.

### JEFFREY B. SCHWARTZ – PHILLIPS LYTLE LLP

Jeffrey B. Schwartz, a partner with Phillips Lytle LLP, concentrates his legal practice mostly in the sell side of M&A. While some of his clients' offers to "go or grow" are unsolicited, he stresses that planning for an M&A should happen years in



Schwartz

advance of an offer or openness to one.

"Have your ducks in a row," said Schwartz, who notes that, unlike the frothy 2021 M&A market, we're now in a hypersensitive regulatory environment where buyers adhere to strong due diligence. "People buying are going to kick the tires. Get your contracts and financial statements in order and get into a habit of good corporate cleanliness."

For both sides of an M&A transaction, a premium needs to be placed on the values of both companies, Schwartz says. "Cultural fit is enormous especially if you're buying the business for the people," said Schwartz, referring to talent acquisition, which can be one of the driving factors in M&A deals. "Cultural fit should be phenomenal – if not, people will leave."

When looking for a team to help facilitate and guide a deal, Schwartz recommends you hire professionals "who know this sandbox" and are experienced, knowledgeable, and trusted advisors in M&A.

"I am a huge fan of self-made hustlers who took risks," said Schwartz, about what he enjoys about practicing law in the M&A area and working with sellers in particular. "These are good people who have grown their businesses and they deserve to monetize them. I love helping them achieve their goals."

### MARK KOVALESKI – MMB + CO

When it comes to exploring an M&A deal, "Culture fit has to be the first box checked," said Mark



Kovalski

Kovalski, CPA and managing partner MMB + CO, a public accounting firm. "If that's not checked there's no point in going further."

Kovalski knows the importance of cultural fit firsthand. MMB + CO was recently formed when Rochester-founded Mengel Metzger Barr & Co. LLP merged with Marvin and Company, located in Latham and Queensbury, New York. The

merger and new combined firm name, which became official on January 1, 2023, brought the firm's total to nearly 200 employees across upstate New York.

"The strengths of both firms mirror each other — exceptional client service, superb clients, family friendly culture — and both firms have the highest ethics and integrity," said Kovaleski in March 2022 when the merger was first announced. "Both firms celebrate a rich history and solid foundation as Marvin and Company approaches its 100th anniversary and Mengel Metzger Barr & Co. has been in business for nearly 50 years."

When it comes to assisting clients with M&A opportunities, Kovaleski helps them not only with the numbers, but intangible factors like synergy and whether there is a strong cultural fit that extends beyond the top people within the businesses.

If a client tells him they're considering an M&A move, he likes to start with the question: "Why?" He says there needs to be a strong reason for pursuing a merger or acquisition. "Getting bigger to get bigger is not a good reason," Kovaleski said.

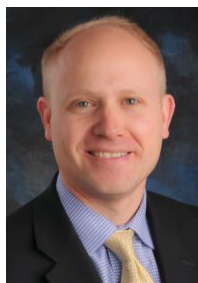
Good reasons Kovaleski has seen lead to M&A success include acquiring more talent, expanding geography, and/or adding a new niche.

For businesses considering an M&A deal, Kovaleski encourages them to take their time, not rush through the process, and get to know the other business well. This will help not only with the M&A itself but the important post-merger time.

**CHARLES J. VITA —  
CANANDAIGUA NATIONAL  
BANK & TRUST**

Bankers can play an important role in the M&A process — not only in terms of financing but by acting as counselors, trusted advisors, and often intermediaries.

It's not uncommon for a regional banker with boots on the ground



Vita

to be the conduit that brings two businesses with common cultures, values, and goals together.

Due to their presence in the community and working with businesses daily, "Many times we will put a buyer and seller together," said Charles J. Vita, executive vice president and chief lending officer of Canandaigua National Bank & Trust.

Vita notes that there is no "one size fits all" formula in M&A transactions and as a banker, one of his key roles in the process is acting as an informal counselor. He helps give businesses all of

their financial options and look down the road at the big picture after an M&A deal is done.

Some of the initial questions Vita asks clients interested in M&A offers are: "What will your company look like after buying this business? What will you personally look like after I sell your business? What will your business look like financially and culturally?"

Other tips that Vita has for businesses exploring M&A opportunities are:

- Build your professional team — find a good banker, attorney, and CPA.
- Do your research and be patient — do not rush a deal or succumb to deal fatigue. You don't want to overpay or accept too small of a price for your company just to get the deal done.
- Answer the questions: What does the right deal look like? What are you trying to accomplish/what is your goal?

At the end of the day, successful M&A transactions should be about people, according to Frank H. Hamlin III, president & CEO of Canandaigua National Bank & Trust — celebrating those who built a business successfully and, from a banking standpoint, ensuring the people who remain have the banking services and support needed to run the new company.