

Mergers and Acquisitions

Questions to Ask & Financial Due Diligence

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Emotion vs. Logic

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- Recent *Harvard Business Review* report lists 79% to 90% of business acquisitions as failures
- We imagine “success”
- We imagine “easy” and “natural fit”
- Tension between “create” and “critique”



Reasons for M&A

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- Corporations
 - Purchasing revenue
 - Synergies

Reasons for M&A

- Churches
 - More land
 - Additional campuses
 - Expand into adjacent communities
 - Further reach
 - Economies of scale



Decision-Making

The Power of Saying “No”

- Challenger documentary series on Netflix
- My experience
- Governance may not be balanced
- Certain people given strength – “a forehead like flint”

Accepting the Larger Decision

- After the internal process of deciding as a leadership team to proceed:
 - All one team
 - No outward dissension
 - Commit to the diligence process
 - Moving from “no” to “how can this work”



Financial Due Diligence

Financial Due Diligence

- How do we go from imagination to implementation?
- Rigorous analysis
 - “torture the numbers till they talk”

Financial Due Diligence

- Buy assets, not liabilities
- Scenario planning
 - Most likely case, worst case, best case
- Search for unrecorded liabilities
- Titles and Taxes



Questions to Ask

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- Why does your Church / Ministry / NPO want to purchase this property?

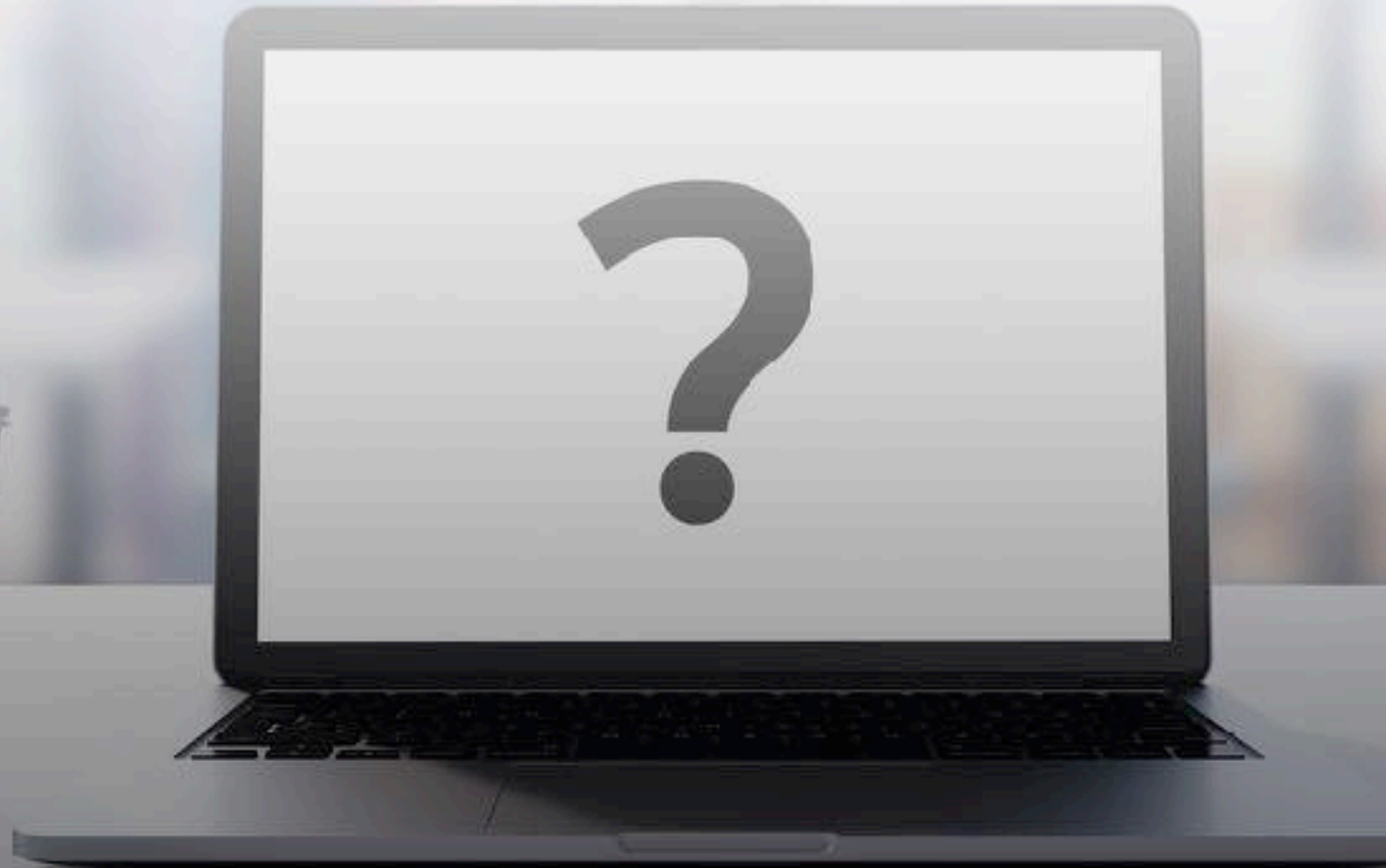
Questions to Ask

- How do you measure “success”?
 - Attendance?
 - Giving?
 - Lower costs?
 - Lives changed?

Questions to Ask

- Can our team expect the same results from this acquisition?

Questions?



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