M&A

Business & Management

Why deals are done, and why most fail to create value.

Motives, and the reality against each.

Motive	Reality
Cost synergies	Most reliably achieved
Revenue synergies	Frequently overstated
Market access	Works if regulation permits
Acquiring capability	Depends entirely on retention
Eliminating a rival	Attracts competition scrutiny
Empire building	Destroys value; well documented

The winner's curse: in a competitive auction, the winning bid is usually the one that overestimated the value most.