

FIFTEEN WAYS TO KILL A DEAL

By Valerio Giannini

One or two of these may not deliver the coup de grace,
but many more almost guarantee a ticket to deal heaven.

1. **Engage in extensive negotiations over the first Non disclosure Agreement.** Don't go to the mat on fine details of the NDA that will bring them to the table. It can be superseded later, after they're hooked.
2. **Send "corrected" financials.** Never give out financials until you are sure they are what you want to send and/or they contain footnotes and explanations.
3. **Prove that you are the only one who understands the business.** Demonstrate that a complete, functioning, harmonious management team is in place and that you are superfluous.
4. **Leave verbal agreements un-documented.** Write-up those handshake stock options, the lease on your cousin's building, etc. Oral contracts make people nervous.
5. **Leave business and personal transactions comingled.** Get rid of, loans between the company and shareholders, jointly owned property, shared insurance policies, etc.
6. **Send a sloppy investment memorandum** Don't release the "book" with errors or omissions. Make it high-quality-less vs. low-quality-more. Have new eyes involved, if not in charge.
7. **Prolong the preparation of the "book".** Start early, make assignments, establish final authority, set deadlines, limit the number of editors, don't waste time re-writing minutia...
8. **Try to make the LOI the definitive agreement.** Keep it at 30,000 feet. It's only the engagement. The wedding comes later.
9. **Use the family lawyer.** Use attorneys who have done it before. The family retainer can still provide estate planning, tax counsel, etc.
10. **Shortchange responses to data requests.** If everything asked for isn't available, explain why and when it will be; and don't let open items fall between the cracks.
11. **Be unable to produce material documents** Before the process starts, locate originals of all share certificates, paid promissory notes, titles, deeds, leases, minutes, etc
12. **Disappear for more than a few days.** Be available 24/7, or else have a good reason and a deputy left in charge. This is not the time for a safari or South Seas cruise.
13. **Start playing hard to get.** Don't convey that you are renegotiating what's been agreed-to or are changing your mind mid-process. Know the early symptoms of seller's remorse.
14. **"There's something else I forgot to tell you".** Pre-assemble the important facts and communicate them as appropriate, not as an afterthought. Doing the "book" helps surface them, even if they aren't all in it.
15. **Get advice from your friends and relatives.** Canvas your friends and loved ones before making a decision to proceed. After that, stick with the professionals.

This list is also available for investors and buyers as
Fifteen Reasons To Walk Away From A Deal.

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