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# Don't miss out on the recession's bounty

Earlier this month, the National Association of Realtors (NAR) reported that sales of previously owned homes in the US jumped 7.2% from June to July of this year. That was the largest monthly bump since the NAR began tracking home sales in 1999. In addition to being welcome news to homeowners, the uptick in home sales is also a sign that things are beginning to turn in the broader US economy.

There are surely different factors to consider when buying a home than there are in making strategic acquisitions. However, as the economy turns the corner, now might be a good time to see if there are firms on the market that would be a strategic fit for your company. And here are three key reasons why:

First, companies that have withstood the recession are more likely to have a solid foundation of clients, and, due to the recession, are surely being run as leaner and more cost-efficient operations. The recession has been the ultimate "stress test" for a firm – and if an agency has been able to withstand the level of stress experienced through the downturn, it has proven to be quite valuable. As Tim Dyson, CEO of Next Fifteen, remarked in explaining his company's recent acquisition of M Booth & Associates, "Recessions are times when you find out which agencies have a future." PR firms that are still succeeding in today's environment are battle-tested.

Second, certain factors have increased the desire of owners to sell their firms. Due to the recession, many companies are not as profitable as they were just 12 months ago. Although owners have shed costs where they could, there are many overhead expenses (e.g., HR, financial services, IT) that are incurred by all companies, whether large or small. Partnering with larger firms would allow these companies to defray many of these costs, which would increase their bottom lines.

Third, the overwhelming majority of "mid-market" companies (those that are the most ripe for sale) are owned by Baby Boomers. These individuals are rapidly approaching retirement age, or can at least foresee their retirement five to seven years down the road. Therefore, they want to make sure to sell their firms when they still have the energy and drive to work hard during the likely four years or so in which their ultimate purchase price will be contingent upon their post-acquisition performance.

Due to these three key factors, the time may be right to begin exploring if there are companies on the market that would allow your firm to strengthen its central practice areas or expand into new areas or regions.

As the legend goes, Babe Ruth would never have worn pinstripes had Red Sox owner Harry Frazee not been in need of cash to finance his Broadway production of *No, No, Nanette*. It's as true today as it was back then: tough times can create opportunities. ■

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