

How to Succeed in a Bear Market: 5 Tips for Company Leaders

2018 was a record-breaking year for mergers and acquisitions, but is a bear market around the corner?

By David Braun



Photo by Lake Clark National Park & Preserve, Public Domain

In 2018 announced mergers and acquisitions (M&A) activity jumped 19% worldwide compared to 2017 reaching an astounding \$4 trillion. In the US values reached \$1.7 billion, a 32% increase. Megadeals, transactions valued at over \$5 billion, accounted for 38% of deal value according to Thomson Reuters Deals Intelligence.

Despite this robust picture, there are signs activity in 2019 may not be as strong as in previous years. Announced deals declined by 5% in the fourth quarter when compared to the third quarter. And, despite high deal values, the number of transactions decreased by about 8% both globally and in the US, according to Thomson Reuters.

Warnings of an economic slowdown, trade issues, and economic volatility are impacting CEO confidence and the market. The year opened with [Apple lowering their first quarter profit expectations for 2019](#) and the markets tanked as investors panicked. The ripple can be felt across all industries and will impact M&A activity which largely imitate the equities market.

With these warning bells going off, what's a middle market business leader or company owner to do? Like many other business owners who went through the downturn in 2007 when the housing bubble burst, I've had to weather the storm of change. Here are a few tips I've learned on how to not only survive during hard times, but thrive.

1. Don't panic

If your first reaction upon hearing bad news is to panic, you are not alone! Please take a moment to step back and breathe. While your initial reaction may be to rush into action, acting impulsively is rarely a plan for success. Try maintaining an objective perspective to ensure your decisions are based on solid facts rather than emotion.

2. Ask difficult questions

While you shouldn't panic, be prepared to address some challenges during a market downturn. Issues that may have been previously undetected may now rise to the top during this challenging time. For example, if a division is losing money you may need to seriously consider exiting that market. While difficult, exiting may help you avoid losses and focus on other initiatives that may have a greater impact on growth.

3. Expect and embrace change

As a leader or company owner, you can control many aspects of your business, but there are also many issues beyond your control, including the economy. That being said, you do have the ability to anticipate change and plan for it. Do not keep going about business as usual or very soon you may not have a business. In today's dynamic business market, continually reassessing the marketplace dynamics and how your company fits is essential for success. One way to anticipate change is by looking at your customers. What are their needs today and what will their needs be in the future?

4. Be proactive

Whether your company is growing or struggling, you should take a proactive approach to growth. Business leaders who succeed are those who take action and shape their industries rather than letting circumstances shape them. Seek out opportunities that are aligned with your company's strategy rather than waiting for them to come to you.

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5. Consider external

External growth options can complement your organic growth strategy to allow you to move rapidly and adapt quickly to changes in the market place and help you be better positioned for success in any circumstance, including a recession. While most consider M&A to be purchasing a company in its entirety, more and more and

companies are using [partnerships, joint ventures, and strategic alliances](#) to mitigate risk and achieve their growth goals simultaneously.

Whatever happens in the marketplace, as a leader you have the ability to succeed.

Do you have questions about M&A? Contact us at 703-854-1910 or Growth@CapstoneStrategic.com.



It's a Big Deal: M&A in the News

[Bristol-Myers will buy Celgene for \\$74 billion combining the two largest cancer drug companies in the world.](#) A robust product pipeline is important for pharmaceuticals and Celgene is expected to launch five new products over the next two years.

[German energy firm E.ON forms joint venture with Danish electric car charging company, Clever.](#) The joint venture will install 48 charging stations to connect cities in Denmark, Sweden and Norway.

[Amazon invests in warehouse robotics firm Baylo to reduce costs and speed up deliveries.](#) Over the next seven years Amazon could acquire up to 29% of Baylo.



David Braun's Tip for Growth

Focus on Opportunity, Not Risks

Many business leaders hesitate to seize opportunities for growth because they are afraid. Fear of the unknown, fear of failure, or indecision, holds too many of us back from action.

Although taking unnecessary chances is foolish, some risk is necessary for the growth of any business. There are always ways to minimize risk while maximizing reward such as developing a strong strategic plan. If you're too afraid to act, you will miss out on success. I challenge you to consider all your opportunities for growth, even those that may be beyond your comfort zone. Rather than focusing on what could go wrong, think about what could go right!



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