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BUSINESS DEVELOPMENT STRATEGY THROUGH MERGERS AND ACQUISITIONS

Under intensely competitive business environment, mergers and acquisitions (M&A) have become a common strategic tool for achieving companies' growth, and they can even be the key to victory in the marketplace. Highly effective M&A let companies quickly acquire critical technology, expand territory, bring in strategic investors, and boost corporate value.

In M&A deals, moreover, a variety of considerations and conflicts of interests arise due to the differing perspectives of stakeholders. As a result, corporations must first develop a comprehensive understanding of the key M&A processes, taking into account internal motives and external factors, and then select the type of M&A that accords best with their own motives.

The M&A process can be divided into four stages:

- strategic planning;
- valuation;
- negotiation;
- contract performance.

Through strategic planning, the corporation can better understand its financial situ-

ation – in particular, whether it can support M&A activity.

On entering the valuation stage, it is necessary to first sign a non-disclosure agreement so that information for making preliminary valuations can be exchanged.

Once valuations are more or less completed, the two sides should have cleared up any doubtful points or at least come to a consensus on them. In the negotiation stage, the parties work out the details of the transaction and then sign a legally binding sales and purchase agreement.

Toward the end of the M&A process, it is coming to the contract performance and consolidation phase.

The factors to consider for M&A strategies are very complex. To implement a deal successfully, the principals must first consider the motives for the transaction, then develop a strategy that can meet their expectations, and they should also pay close attention to factors that could turn into major deal breakers.

Thus M&A are a complex requiring highly sophisticated expertise from the scientific point of view and an important tool that provides economic efficiency of national companies.