

Why Human Capital buyers make acquisitions

Buyers acquire businesses in the Human Capital sector for a number of ‘strategic rationales’ resulting from their need to improve growth, efficiency or defensiveness.

The map below sets out the strategic rationales of buyers that we find are most common in the Human Capital sector internationally.



We find that most buyers tend to be driven by one or two dominant strategic rationales, which are often determined by their individual circumstances, for example pressure from their shareholders for greater growth, health of their core markets, or their stage of business maturity. These rationales tend to evolve over time for each buyer, which we find requires our continual monitoring to remain up-to-date.

Understanding the strategic rationales of individual buyers is important it allows a business for sale to be positioned and presented to buyers in a way that most appeals to them individually. We find that doing so will always maximise the valuation of an acquisition opportunity in buyers' eyes.

An appreciation of the strategic rationales of buyers is also useful at an earlier pre-sale stage (when our exit review ValuePath™ takes place) as it assists in the identification of changes (strategic, operational or cosmetic) that could be made to a business to ensure that it is most attractive to buyers in the eventual sale process.