

Busted Deal Risk: Five Ways Independent Sponsors Can Protect Their M&A Transactions



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Top 5 ways for independent sponsors to minimize busted deal risk:

- **LETTER OF INTENT DETAIL:** A reasonably detailed LOI can help avoid issues with the Seller when it comes time for definitive agreements (material purchase agreement items, rollover equity terms, etc).
- **RED FLAG DILIGENCE:** Focus pre LOI and immediately post LOI on potential red flags (core risks tied to operations, financial, legal, key customers, etc) that could derail the deal before getting too deep into the process.
- **FINANCING:** Securing “debt reads” and/or equity support letters as early as possible in the process.
- **MANAGEMENT:** Building a rapport with the existing management is crucial (and assessing weaknesses in the existing team).
- **PROCESS:** Having a thoughtful and organized process from LOI to close (one that the seller and the seller’s advisors agree with).

John Koeppel's commentary on "[Why M&A Negotiations Fail- and How to Avoid the Pitfalls](#) " *Institute for Mergers Acquisitions & Alliances* (January 29, 2026).

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