

## ACQUISITION SELECTION, DUE DILIGENCE, AND INTEGRATION TECHNIQUES: KEYS TO A SUCCESSFUL ACQUISITION

### KEY TAKEAWAYS

#### Communicating Critical Events: Executing a Successful Transaction, From Target Selection to Integration (FTI Consulting)

##### 1. Start with a strategic target-selection process

- Identify acquisition targets that fit your strategy – do not “retrofit” a strategy to a target.
- Clear-headed identification of appropriate targets ensures that the company’s business strategy is the driver of financial results, rather than the reverse.

##### 2. Adhere to a robust due diligence process

- An effective due diligence process balances the assessment of risk and the validation of potential synergies.
- It is important to search not only for deal breakers; rather, buyers should also evaluate cost and revenue synergies, which will collectively determine their “willingness to pay.”

##### 3. Establish and communicate clearly defined goals throughout the process

- An effectively communicated strategic plan can help build internal engagement and external support.
- Synergy targets should be thoroughly validated and then communicated with regular updates on progress.

##### 4. Closely manage the integration according to an established timeline

- Establish an integration leader and strategic leads for key components of the integration plan before the deal closes.

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- Goals, process and progress must be consistently communicated to all stakeholders throughout the deal and the subsequent integration period, with the goal of driving and sustaining stakeholder alignment over time.

**5. Execute with certainty and urgency**

- Maintaining momentum during transaction integration is a key to internal engagement and, therefore, success.
- While there is value in being prudent and thoughtful, slow change and indecision can lead to uncertainty and low morale, thus putting synergies at risk.

**A New Dawn: Good Deals in Challenging Times (KPMG)**

- 1. Corporates need to track, analyze and report on success in delivering revenue synergies so market perception of value drivers is aligned to deal rationale.**
- 2. New approach to due diligence and planning with more emphasis on future growth plans, e.g. strategic and commercial.**
- 3. Plan for a shift from local deals to more multinational deals.**
- 4. Don't ignore people issues – human resources due diligence is important and can have a critical impact on deal success.**
- 5. Institutionalize your transaction process to enable you to learn from transactions and deliver better transaction performance.**

**Legal Due Diligence (Foley & Lardner LLP & Eversheds LLP)**

- 1. Legal due diligence is one of the most important steps involved in the acquisition of a business and appropriate management time, effort and attention should be given to the process.**
- 2. Legal due diligence is just one element of overall transactional due diligence and should be performed in coordination with the business team.**
- 3. Tailor due diligence to the transaction structure (asset vs. stock transaction).**

4. Focus on key elements of the business and the industry in which the “target” is involved.
5. Investigation should be as thorough as possible given time, monetary constraints to properly assess the “target.”

**Integration Keys to Success (Foley & Lardner LLP & Eversheds LLP)**

1. Most M&A transactions fail based on poor execution of the post-closing integration strategy.
2. Need to develop a good transition and integration plan prior to the closing of the acquisition.
3. During the pre- and post-closing periods, develop a clear vision of the acquired business and how it will interplay with the acquirer’s current business plans and business model.
4. Keep transition impact low on the business, employees, operations by keeping customer/supply base stable and retaining employees.
5. Involve people/constant communication so that employees remain engaged and feel like a party to the integration process.