

# M&A Integration

## Key Questions

### What you need to do

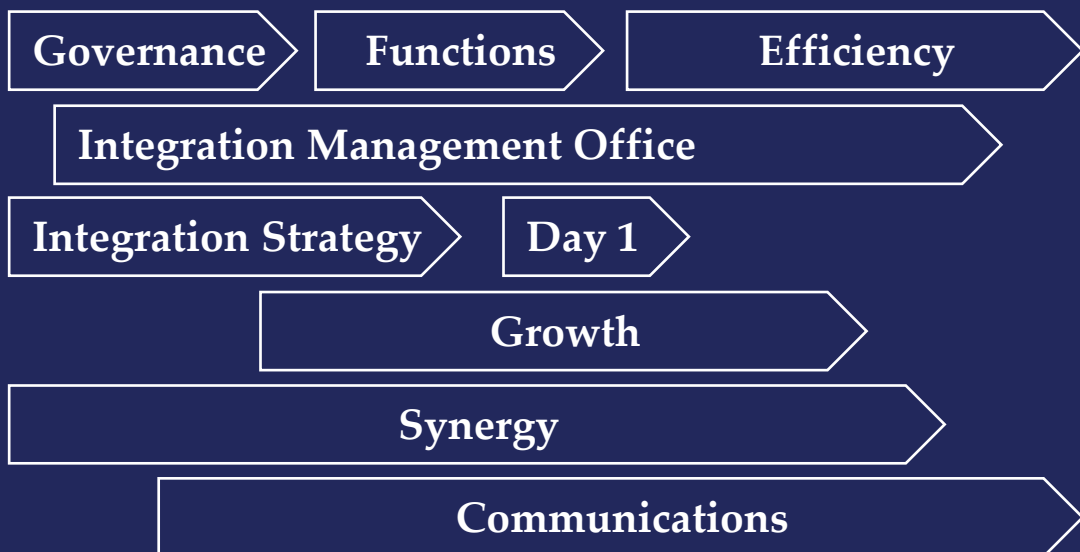
*Due Diligence*

*Sign*

*Close*

*Interim State*

*End State*



# Why do you need Integration help?

If you are thinking about buying another company, you will know your business and what you want to achieve with the acquisition, therefore, you will probably believe you do not need help.

You have quality systems and people, whether they have M&A experience or not you will expect them to identify all the potential issues of an integration, understand their importance and produce a comprehensive plan.

So why is it then that approximately 80% of mergers and acquisitions fail to deliver value. Failure is not only expensive, but, can also impact on future growth (or even viability) and will certainly add significant stress to your systems and employees.

That is why you need Integration help.

## Why should you get this help from DD Consulting?

We believe that DDC's successful history of helping clients deliver real value from M&A activity is driven by the quality of our people, their industry and M&A experience, but, also by the way we help and support our client's teams.

Over a number of years we have used our experience to develop integration methodologies, tools, checklist, and playbooks which help us maximise not only our value to you, but also, the value that your team can deliver.

We do not "flood" you with junior staff but look to develop and support you in delivering a successful outcome.



# Day 1

Will everything still be working as it should be or will something stop? Will I be able to log into my systems? How do things get approved? How should I answer the phone? What things can I make decisions on? Will I hit my synergies? Will I get my bonus? Do I understand what is going on in the company I just bought? Are customers happy? Do customers understand what is going to happen? Do employee understand what is going to happen? Is management in place? Are all managers pulling in the same direction? Do you have a Day 1 plan? Does our TSA cover everything? What could go wrong on Day 1? What early mistakes affect the integration or business?



## Communications

How will each stakeholder group view the deal? Given their current information what will they think? How will this cause them to act? What will happen to Employee and Customers? What will we tell each? When will we tell them? Who will tell them? How will they get that communication? Will we have consistent messaging to customers, employee, suppliers and other 3rd parties? Can people give feedback freely? Are we using that knowledge? How will the communications function work during the integration? What will it's end state be? When will all the content be in place? Can you see all the risks that will appear? What does Day 1 look like? Can you keep productivity up during the changes and keep all your good people?

# Integration Management Office

Do you know where to start? Will you have a consistent approach? What risks are there? Can you track synergies? Can you track and manage integration budgets? Do you know if you will hit the deal targets? Can you easily spot critical dependencies? How will you structure the integration? Do you have the ability to deliver on time to budget across all companies? Do you have detailed functional checklists? Do you have Day 1 checklists? Has the integration strategy for each area been agreed? Is the integration kick off meeting planned? What integration tools are to be used?



## Synergy

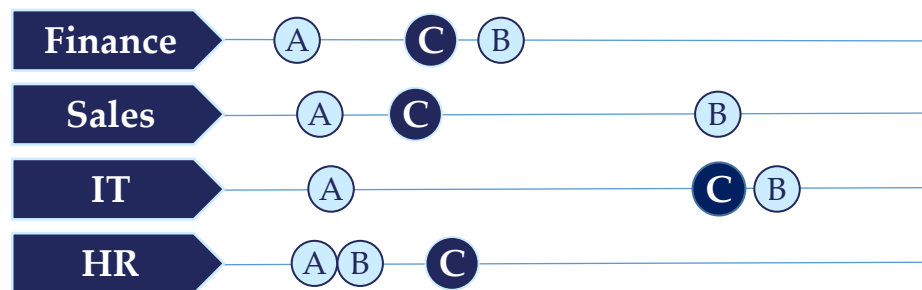


How will synergies be delivered? Who will deliver them? How will accountability be split? Can you create all the business cases? How will they be approved? Are you good at track projects, milestones, actions? Can you link delivery, tracking and financial reporting? How will you know if synergies are on track?

# Integration Strategy

Can we rapidly create a physical map of each company? Can we find and collect the data? How do we analyse and standardise the data? What are the standard scenarios for each department, workstream, business area? What are the pro's and cons for each scenario? Can we select a set of workstream scenarios that all work together across the whole business? How fast will this go if we don't have experienced help? What are the cultural difference? How mature is each area? Can we gain agreement on a working integration strategy for every area?

*Functions, Divisions, Departments, Countries*



# Target Operating Model

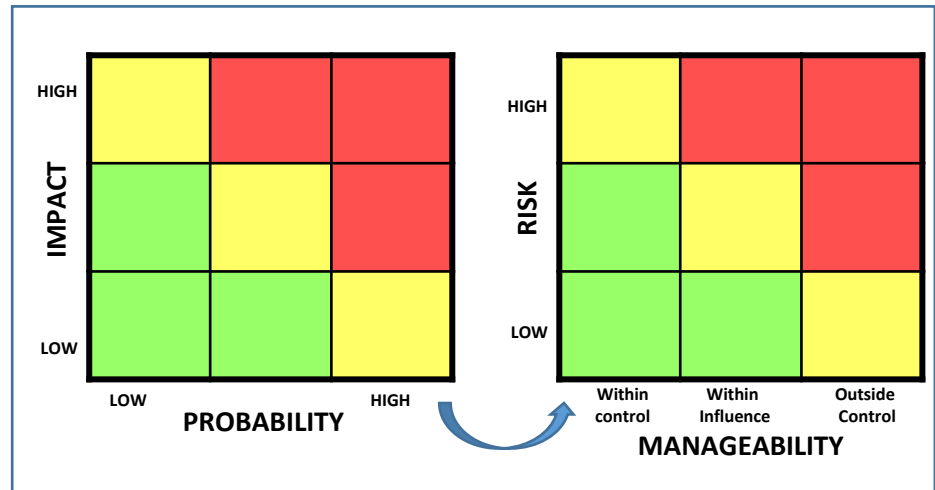
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# Governance

How do we set up our integration structure? Who makes what decisions? Who runs the budget? Who is accountable for delivering the synergies? Who is responsible for changing the business? How will you know what is going on? How will you know if everything is going according to plan? When should governance be set up? How should workstream work? Where does each type of decision get made? Do you understand the risks and mitigating actions of an integration?



Do you understand your risks? Have you run a risk workshop? Have you got a mitigation plan to reduce risks? Have you taken due diligence risks and planned them into the integration?



# Growth (Sales & Marketing)

Which customers & products make most profit? What will customers see & feel on Day 1? Which customers are at most risk for defection? Are strategies in place to retain them? How do we interact with each key customer? What will competitors do? Which market opportunities are of highest value? How do we go to market as a combined company? What products and services will be in our new portfolio? How can we increase our profitability? How will our service delivery be affected? How do we create a positive customer experience? How will sales support need to change Day 1? Are detailed cross sell plans in place? Who will communicate what to whom, when? What does the combined sales force look like? How will it be run? Will it achieve the goals set? How do external relationships (channels, distributors, partners...) need to be managed? Is there a synergy delivery plan? Is there a visible plan to get the additional growth needed?

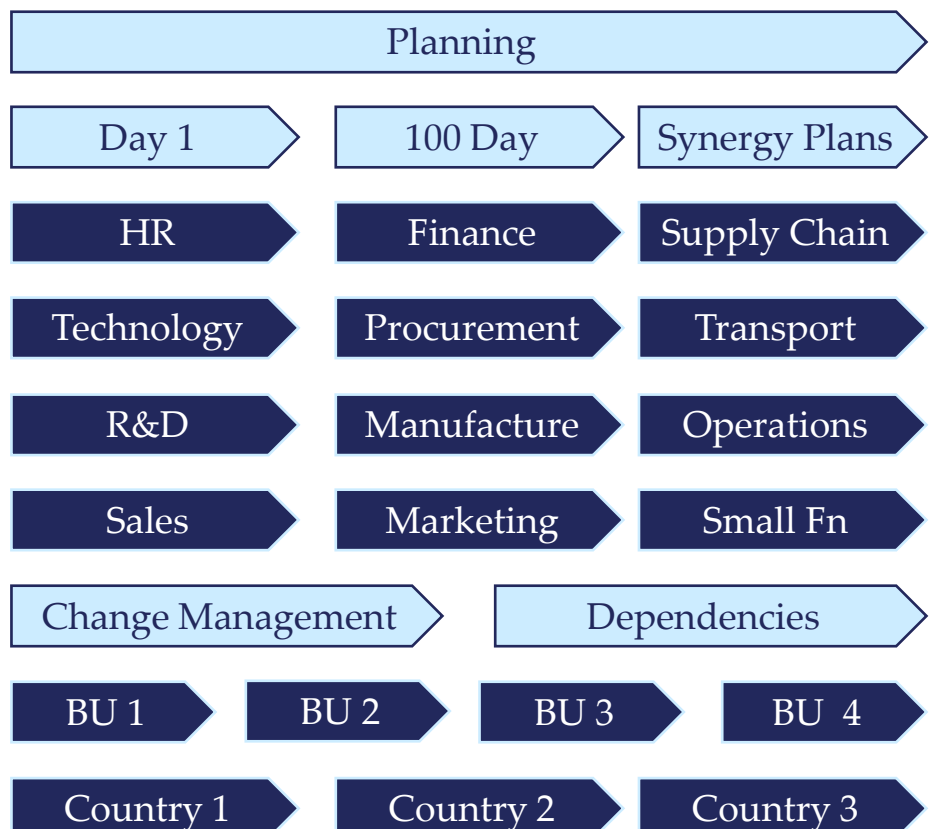


# Efficiency & Effectiveness

Is your integration team independent enough to cut through the politics of people fighting for job, power and budget? Can you see current inefficiencies? Can you see overlap and duplication? Do you know how to remove it? Have you delivered that change successfully in the past? Do you know where to invest your integration budget to get most bang for your buck? Will you deliver all synergies envisaged? Do you have the experience to find additional synergies as you get into the detail? Can you find and fix bottlenecks in the integration and business? What should be standardised? Where is there value in not standardising? How does this all affect customers and employee? Are you historically great at delivering these changes?

## Functions

Do you understand the people issues in each functional integration plan? Do the synergies all add up to what you need? How should we land on T&C's for all? Can we deliver procurement synergies faster? Do we have a synergy plan? How can we ramp up sales faster? Do we know how to deliver the cross sell and up sell synergies? Do we have integration support across all units and countries? DO we have a Day 1 plan? Do we have a 100 day Plan? What are the interdependencies between functions and businesses? Do we have checklists for each function?





## HR

Has the organisation structure been agreed? What strategies are in place to identify and retain key people? Is the integration adequately resourced? Are there cultural differences? Is leadership aligned? Are roles and responsibilities well-defined and understood by all levels of the organisation? Do people know what is expected of them and what they are accountable for? Are employees ready to change? What might encourage these changes to set in place and work? What future skills will be needed to drive the business strategy?

## IT & Technology

Is there a clear data strategy? Do you know what data will be key to delivering synergies? Can you turn the data into synergy action plans? Do you know what infrastructure is needed? What enterprise architecture needed to deliver the business strategy over the coming years? Are projects set up correctly? Tracked correctly? Is spend on time and budget within IT? Are you good at managing vendors? What assets do you have and should you have? Should you insource or outsource parts of your estate?

## Supply Chain

What are the interim and end states? What level of integration is needed in each part of the supply chain? Where are the largest efficiencies and synergies? Can we plan and drive through the change? Can we correctly forecast for the new organisation? Can we improve working capital? Can we reduce inventory? Can we renegotiate contracts? Can we reduce manufacturing costs? Or increase asset utilisation?

## R&D

How will R&D be structured? Where does New Product Development fit in the organisation? Who decides on budgets and future winners? What is your roadmap? What IP is in place? Have you reviewed patents? What will the product portfolio look like in 3, 5, 10 years? What is your current R&D performance in each organisation? What would you like it to be in the future for the group? How will you measure that? What people and skills are needed in place to lead R&D? What talent is there? What new skills are needed? What technology platforms are needed? How will knowledge be shared? How will you encourage people to share knowledge?

## Facilities

Do you need to review the property in line with the business strategy. Where will cuts and changes be made? Where should shops or warehouses be located? Can you review buildings, permits, security easily? Are health and safety programmes in place? Do you have defibrillators? Are all the material safety data sheets in place? Is insurance in place? Are contracts in place? What technology goes across the estate? Are vendors insourced or outsourced? Is business continuity planning in place? What is needed to Day 1?

## Additional Questions

How much of the governance should be central or in the divisions or countries? How important is it to have experts in the geographies or functions? How focused are we on profitability vs. growth? How much do we want to empower employee to make decisions? What inconsistencies are there between management practices that should be changed? Which parts of the acquired company should be integrated? How should each part be integrated?

Who will be responsible for business-critical decisions? Which short term capabilities are needed to support the interim state between Day 1 and partial integration? Which capabilities are needed to support long term growth? Which capabilities are needed to support cross sell? What are the organisation's business objectives? Where are new strategies needed? Are decision making processes clearly defined? Are they followed? Are decisions based on facts, information and knowledge?

# Coaching

Do you have the knowledge to be able to plan and deliver everything? Do you want back up? Do you need support but don't want consultants?



## Are you ready for M&A?

Do you fully understand the ramifications of early decisions? What is your integration Strategy? Do you have the resources in house? What does Day 1 look like? Who will do what on Day 1 and do they know it? What interdependencies exist and who owns them? Do you have a communications plan? How will you take control of the company? Do you understand all the synergies and how to deliver them? How will integration workstreams be resourced and governed? Can you see all the risks that will appear? How do you keep day to day operating effectively? Do you have agreement on integration approach for each department and division? Do you know who your good people are? Do all the 100 Day Plans work together and pull in the same direction?

## Why DD Consulting?

DD Consulting specialises in M&A integration and carve-out. With corporate, big four and private equity backgrounds, our team has supported clients of all sectors, through some of the most iconic acquisitions of the last 20 years. We are passionate about planning, mobilising and delivering deals. We're different because we work with you in smaller, agile, highly experienced teams and take the time to transfer our knowledge to improve your capability. Whatever the brief, DD Consultants bring with us:

- M&A experience, key knowledge and skills learnt from numerous previous deals.
- A library of tools, templates, check-lists and methods which have been refined over years of engagements. We will share these with you, but more importantly, we will teach you how best to apply them.
- An outside and objective point of view, free from agenda, incentive or bias.
- A history of delivering client engagements to the highest standards, on time and on budget.
- We work in small teams together with you, not trying to sell more, not trying to spread out.
- M&A it's our bag, we don't do anything else.

# Some of our deals



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