

# M&A Integration Integration Strategy & Target Operating Model

## Our Services

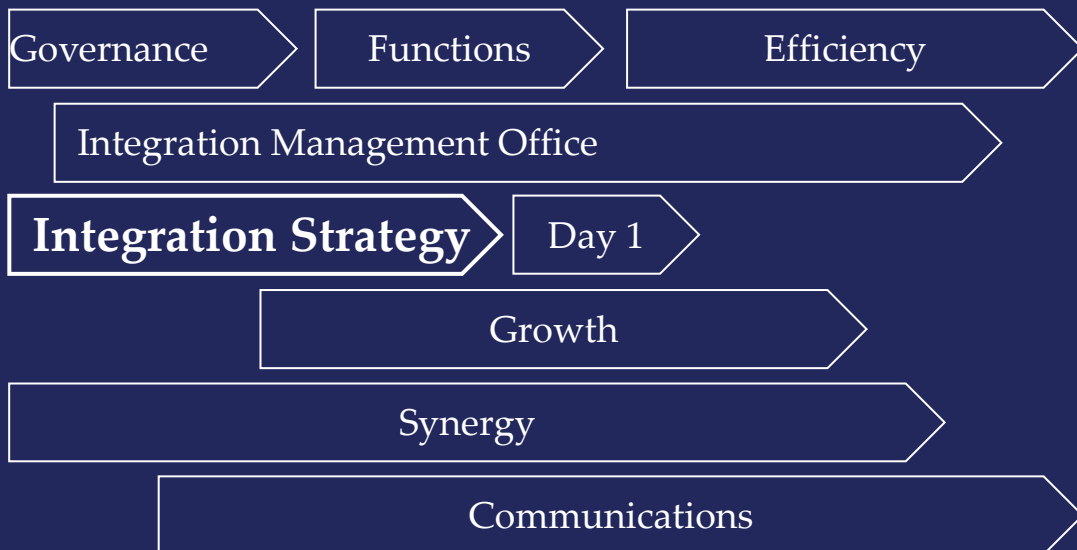
*Due Diligence*

*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.



# Introduction

What do you want the integration to deliver? A “light” integration where both businesses continue to develop operations separately due possibly to significant product and market differences ( vertical acquisition of a supplier or customer) can still deliver value by understanding each business’s maturity model and strategy for development. Whether it is a “light” or full integration the maturity models and the future strategic vision for both businesses and the combined business must be understood to ensure planning will deliver the desired end point.

Once we have a clear detailed understanding of current ways of working for the businesses and details of the end point, the IMO can ensure that there is a sound business case for the end point and that planning and timing will deliver it. Interim scenarios for Day 1, Day 90 and Day 180 can be prepared and road maps, milestones and potential roadblocks to delivery designed/assessed.

The medium and long-term strategy for the business must be robust under challenge, fit for where the business wants to be. An acquisition may be part of the strategy but, may also provide new opportunities for the business to grow and become more profitable, if current and desired future ways of working are not understood, mapped and reviewed integration value may be unrealised.

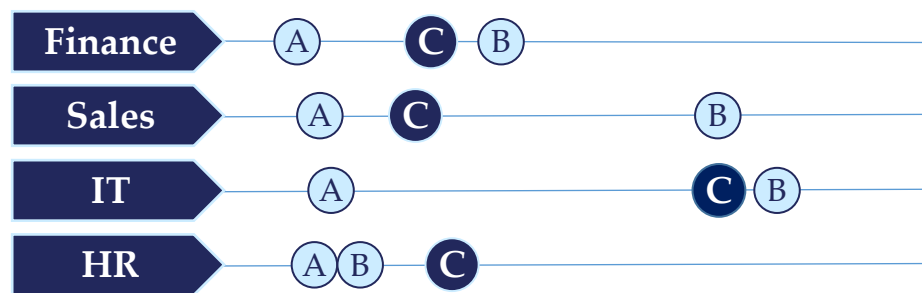


# Integration Strategy

For each part of the newly designed company you need to understand where the desired end state is. Taking a high level view of the company and then also each function, division, department, country and understanding where each part is today and where it should be in the future. Current state and end state wanted. Each company is A and B current state with C being the desired end state.

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*Functions, Divisions, Departments, Countries*



# Integration Mapping

A more detailed level of the Integration Strategy is the mapping process where we gather as much information as we can on the current state for each company, complete lists of customers, suppliers, people, IP, raw materials, plants, technology hardware and software, with all appropriate information to enable good comparisons to be made. For some areas actual maps will be drawn e.g. properties, warehouses, customer locations, etc., and some will be diagrams e.g. IT systems or application maps.

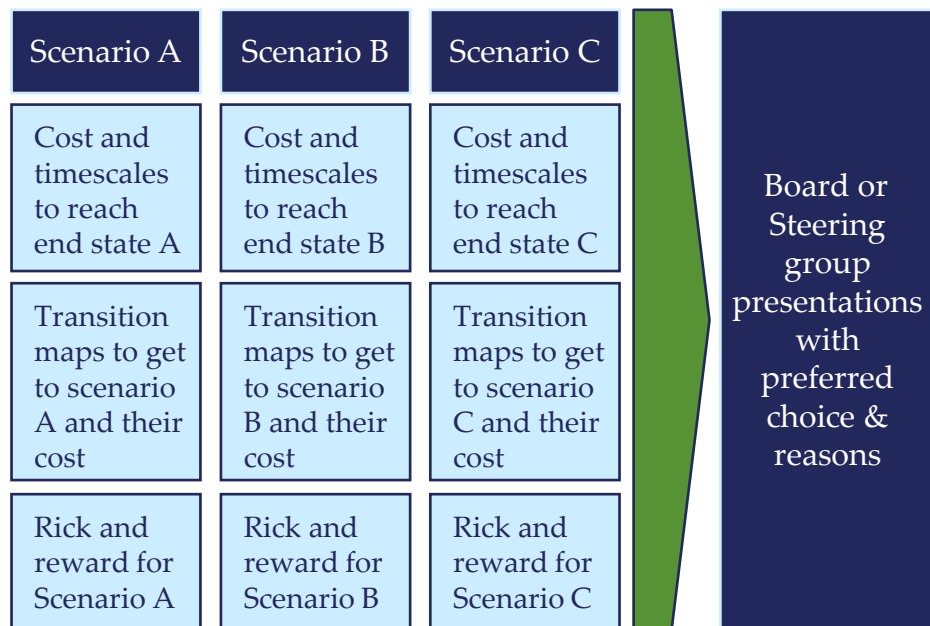
With good up-to-date current information we can make a number of scenarios for each area and ensure that how decisions in one area will affect the scenarios of another. We gain agreement on which scenario we like and the desired end state, then plan Day 1, month 3, month 6, to get to the end state scenario.

Company A	Company B	Company A + B	Scenarios or proposed way of working
Date Collected by: Date Checked by: Date Analysed by:	Date Collected by: Date Checked by: Date Analysed by:	Date formatted by: Date shared by: Date Analysed by:	Way of working Day 1
Create maps of combined Data with different colours for A & B <ul style="list-style-type: none"><li>• Map of Company A</li><li>• Map of Company B</li><li>• Set of maps of combined company with different end states and how we will get there. Given the business must continue to work and grow during the transition periods.</li></ul>			Way of working Transition 1 or day 90
			Way of working Transition 2 or day 180
			End State

# End State Selection

As part of the integration strategy process we need to ensure we have correctly stated each scenario, costed, planned and then put through the correct governance process. Remembering all the different scenario's need to work together and add up to the right cost and synergy delivery for the deal.

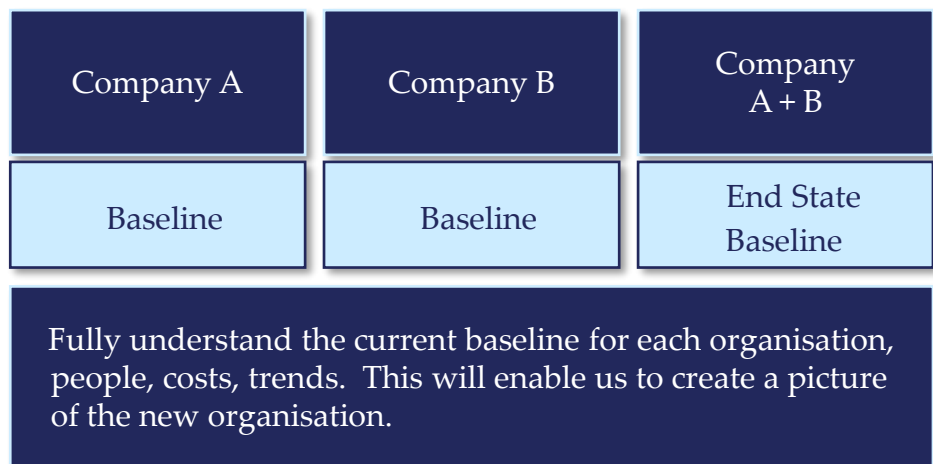
Getting into the detail of each scenario (where appropriate) enables us to know what we are actually making decisions on, no surprises later, the devil is in the detail.



# Baselining

To gain a good understanding of where we are today and ensure that we have changed or moved to the end state, a good understanding of what each company looks like today. This is a more detailed view of systems, process, data and its quality, together with detailed costs and understanding of what each division, function, business area looks like.

The aim is to answer the question, have the synergies been delivered? How can you know once you have finished if you don't know where you started.



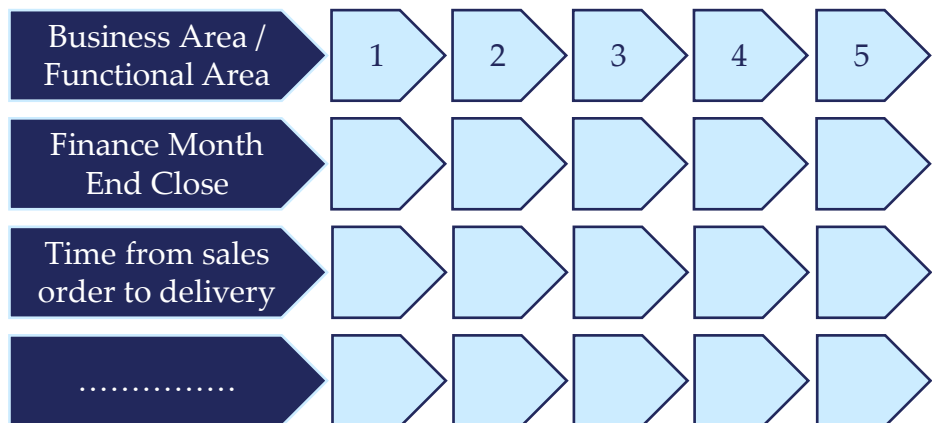
# Maturity Model

Many companies use this change and upheaval as an opportunity to review where they are and get better. All parts of our organisation may want to improve (or spend more money to change) we should only improve where it is useful to do so.

Are there areas we can change at little cost, given there is now a whole lot of new knowledge and experience in the other company?

We look at each part of the newly designed company, and decide how good we want to be at that thing. Remembering that all the pieces need to fit together and that the new "end state" organisation may want to be better at some things than the previous parts, or may wish to reduce spend on some areas.

## *Functional Maturity Model*





# Cultural Aspects

We have been comparing the companies in what they do, we should also understand and compare how they work. Enabling us to decide where we want to drive the organisation and what are the key issues to focus on.

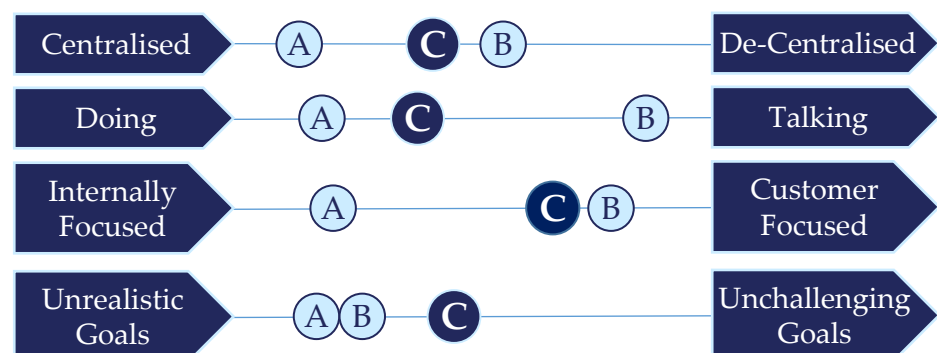
We might have open discussions in the way we want to work and treat people, and how these things fit with all the new changes in the business due to the merger. How should we work and how might we want to in the future? As with the other parts of the integration we will want to know current states and design future states.

To do this we might want surveys across the companies today and then at timely moments in the future.

Prepare survey and workshops, define survey participants wanted. Have a meeting to validate the survey questions, concepts and ideas. Finalise the survey or surveys (translate them into other languages if needed). Will it be paper, or in xls, or on a intranet web page. Build it in the appropriate format.

Have managers complete and return the survey. Provide contact point for questions, queries and chase returns. Collate results, prepare presentations and report output, and populate report, Draft report validation, Final presentation and report.

## *Strategic Guidance or Cultural Aspects*



## 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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