

# M&A Integration: Shaken, Not Stirred

Keys to Successful Business Combinations



Presented:  
Association for Corporate Growth  
Annual M&A Conference West  
February, 2009

# My Experiences with M&A

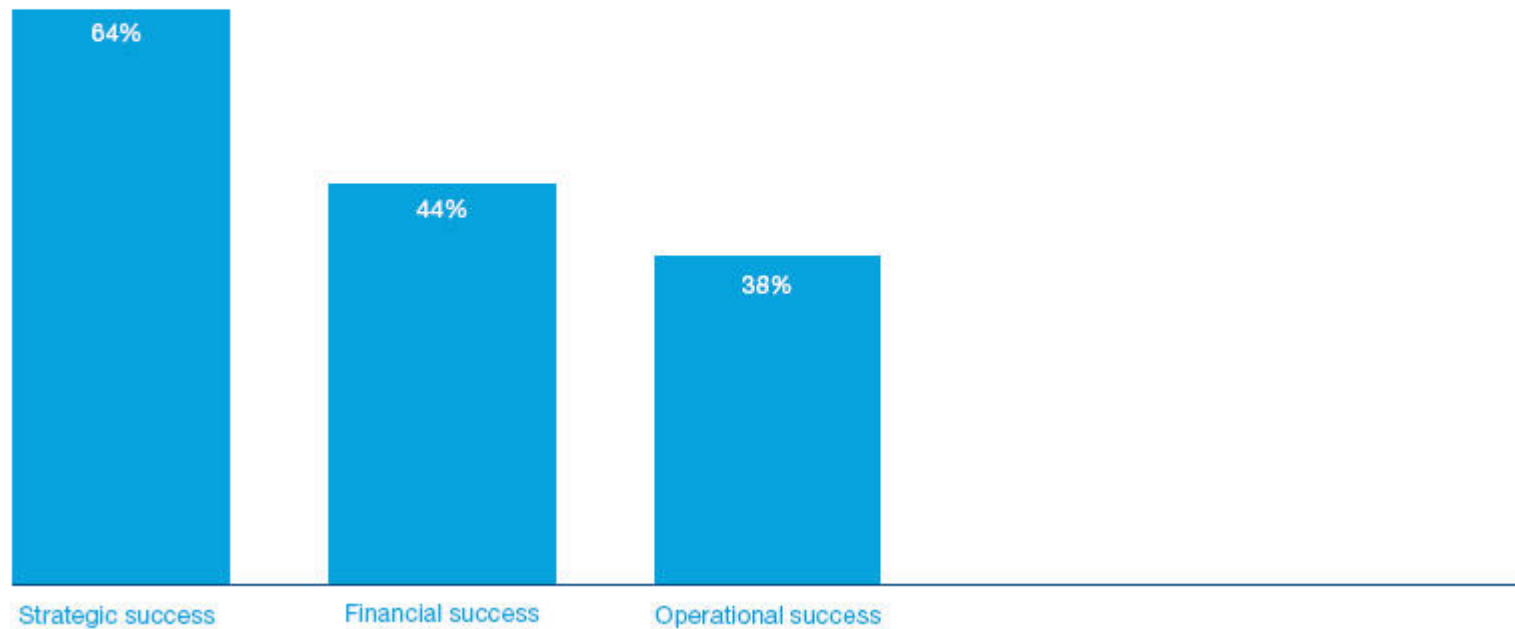
- Led corporate strategic analysis of M&A opportunities
- Been acquired in a large corporation
- Built and sold a business...then took it back
- Advise numerous corporate executives on maximizing value from M&A
- Conduct strategic, market and customer due diligence for investors
- Wrote a book about strategic transformation and change
- Serve on the boards of two take-private / roll-up businesses

# Outline

- Current state of M&A and definitions
- Customer Value
- Human Factor
- Tough Decisions
- Resources
- The 7 Martini M&A Benchmark Model
- Q&A

# M&A Success Metrics 2008

Figure 2. Percentage who agree their most recent deal was a “significant success” strategically, financially and operationally

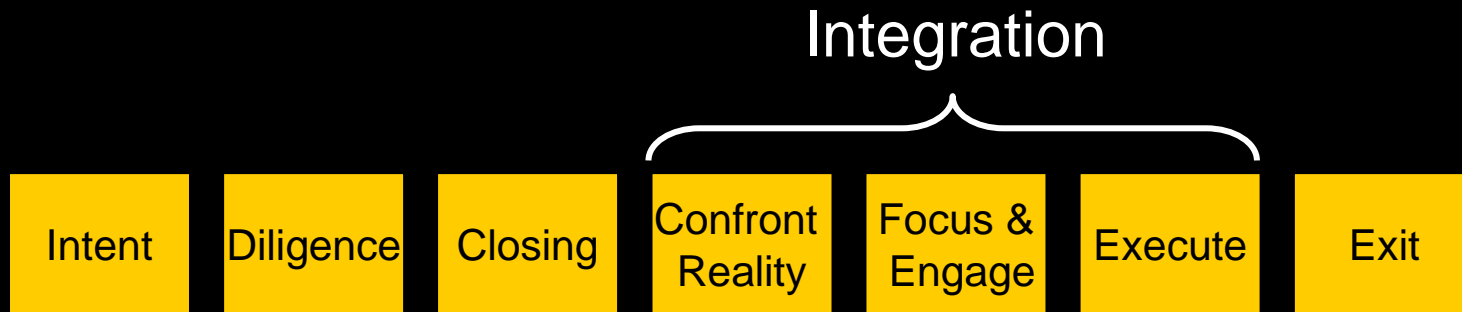


Source: PwC M&A Integration Survey Report 2008

# Stirred vs. Shaken

- Stirred
  - Roll out buy-in campaign
  - Business process integration
  - Careful to honor historical cultures
  - Feather in changes over time
- Shaken
  - Recombine for new and unique value for customers
  - Focus the newly combined organization on key strategic initiatives
  - Full engage and honor people, but develop a new culture (or adopt completely the acquirer's culture)
  - Quickly execute changes

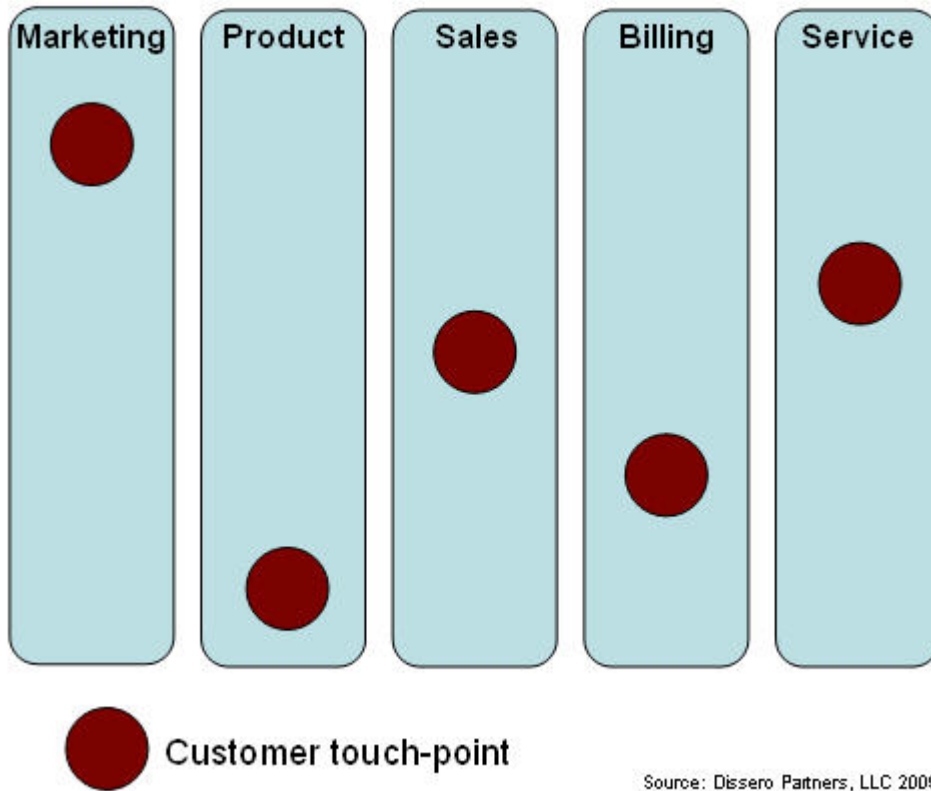
# Keys to Successful Integration



- Optimize Customer Experience, Not Functions
- Focus and Engage People as One Team
- Execute Tough Decisions Quickly

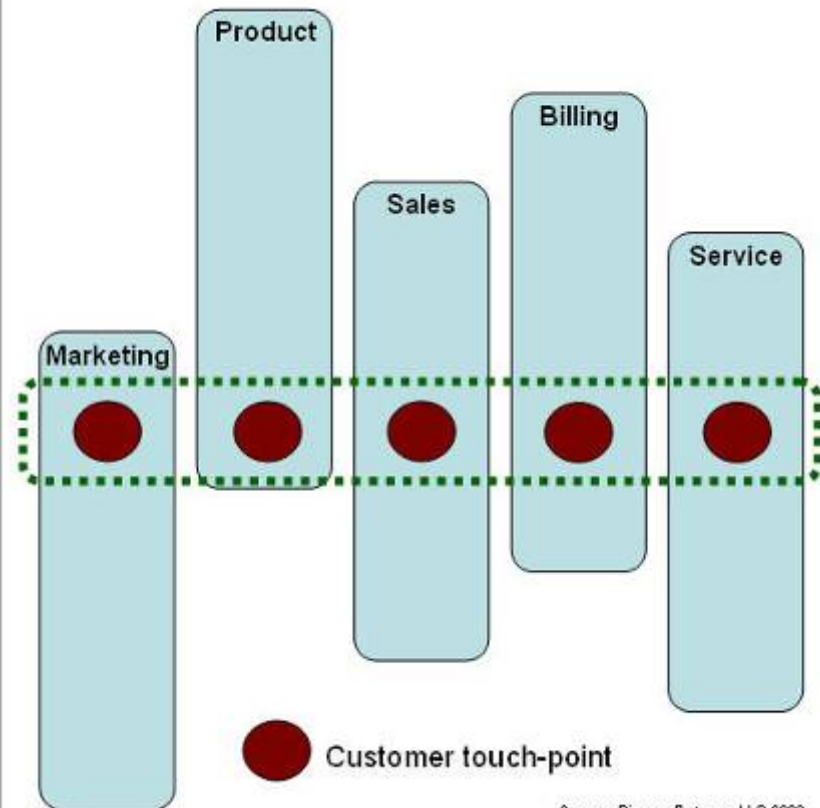
# Integrating for Silos or Customer Value?

## Functional Silos



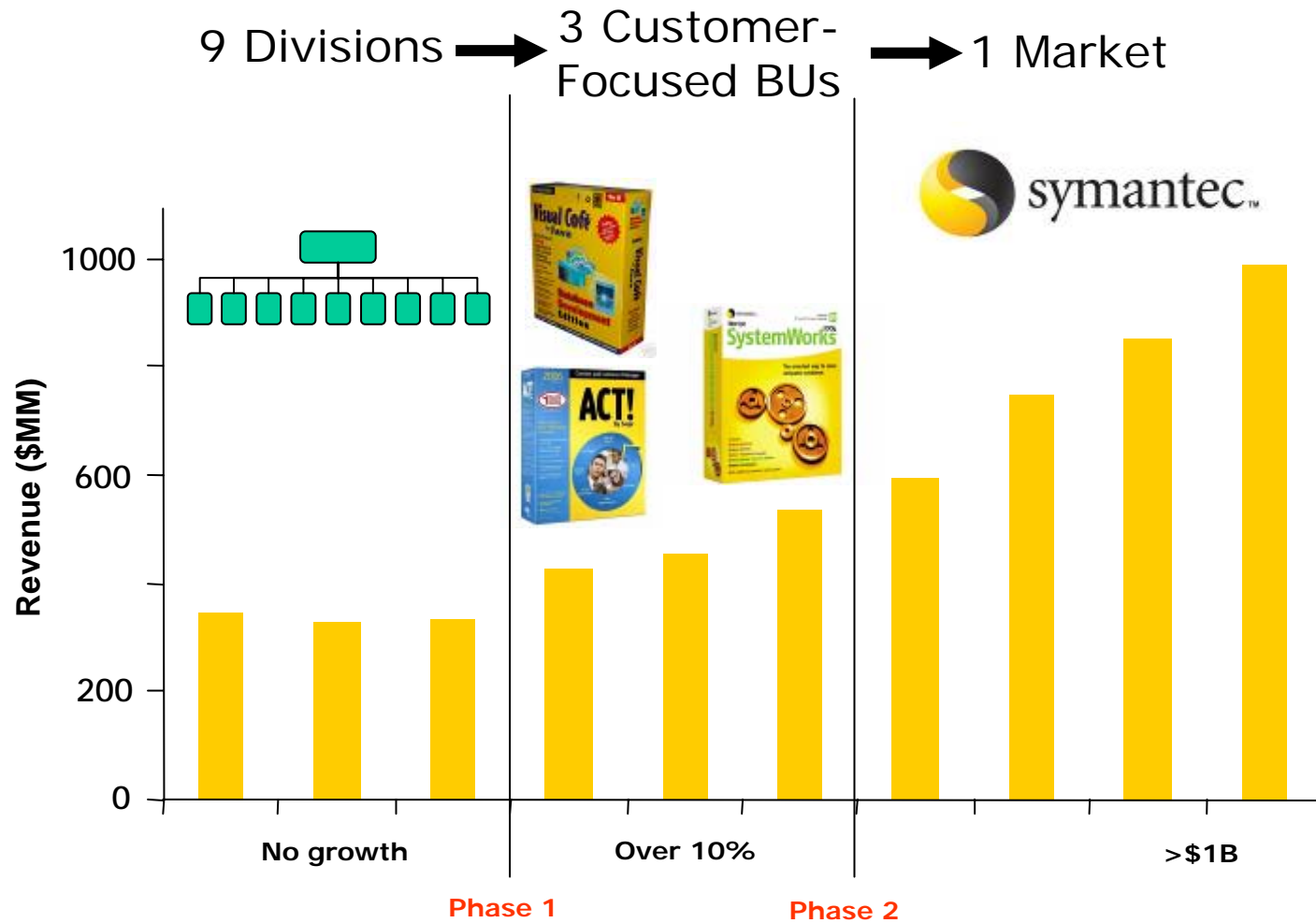
Source: Dissero Partners, LLC 2009

## Customer Experience Alignment

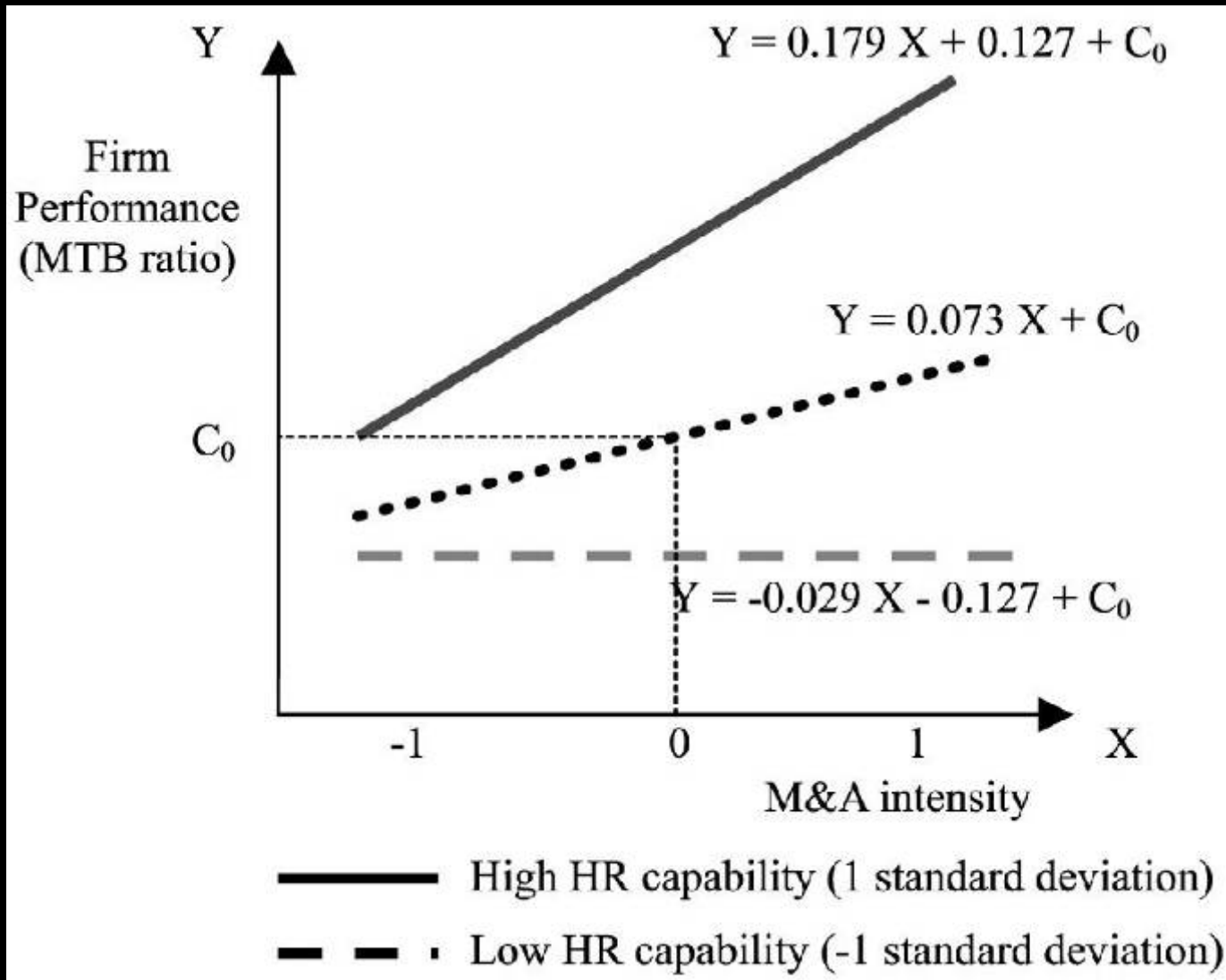


Source: Dissero Partners, LLC 2009

# Customer Focus



# The Human Factor



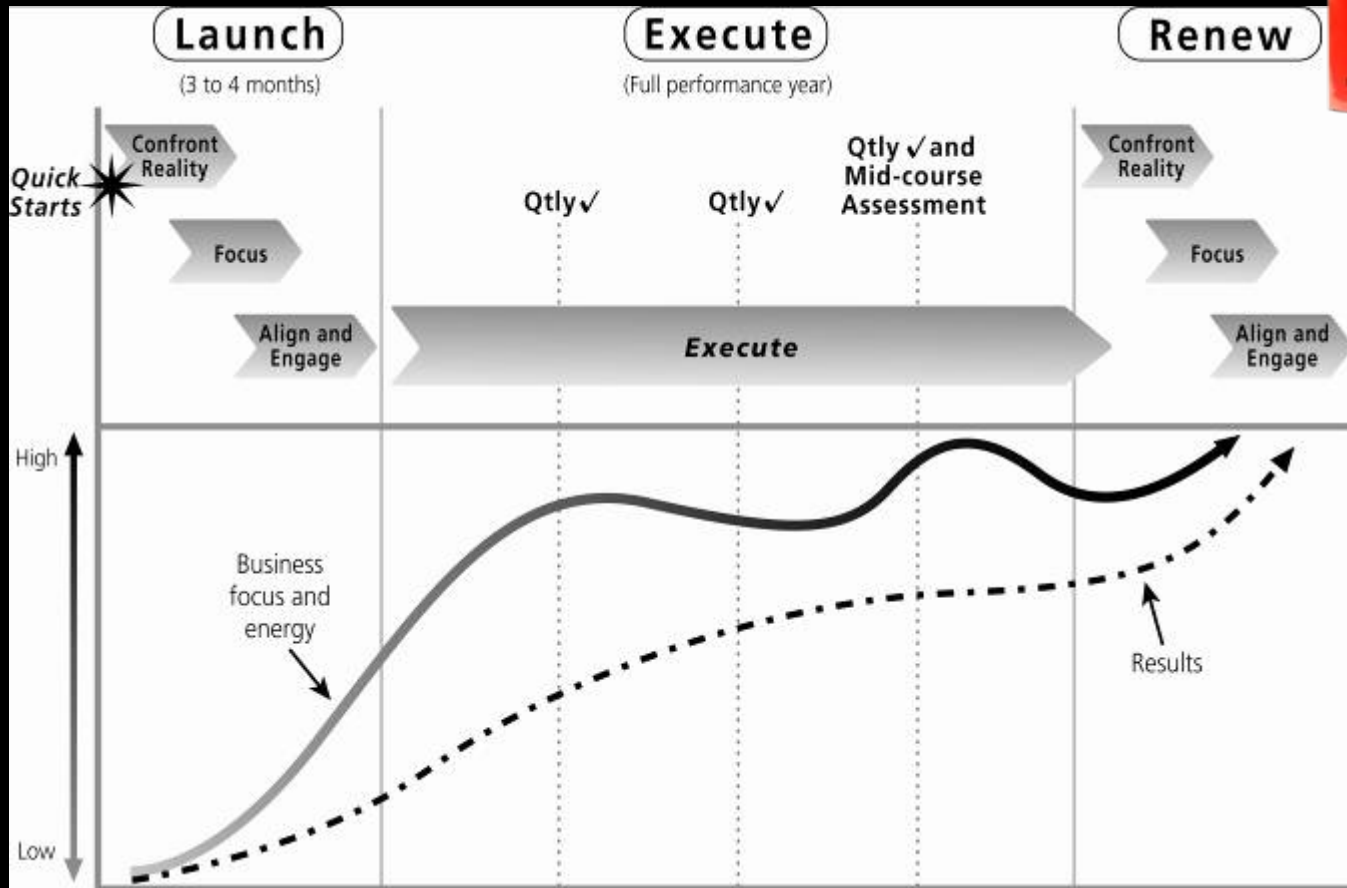
# The Human Factor

According to CEOs, some of the most critical barriers to success during periods of large-scale, transformational change cited include:

- Lack of engagement or motivation of middle managers to drive change (50%)
- Lack of change management skills and experience in senior management (48%)
- Lack of collaboration across functions to execute the change (45%)
- Lack of communication on the personal benefits of the organizational change (39%)

Source: PricewaterhouseCoopers' 11<sup>th</sup> Annual Global CEO Survey, 2008

# Follow a Process



Source: BIG Ideas to BIG Results (FT Press/Pearson, 2008)

# Make Tough Decisions Quickly

- Leadership positions
- Customer focus and transitions
- Best-of-the-best teams and assets
- Brands & company cultures
  
- Processes – how work is done
- Systems – which systems to keep

# Tough Decisions: Too Soft?

The image shows a screenshot of a web browser displaying the EDS website. The browser's address bar shows the URL <http://www.eds.com/>. The search bar contains the text "eds". The browser's toolbar includes various icons for navigation, search, and utility. The website header features the EDS logo, which includes the text "EDS" in a blue circle and "an HP company" below it. To the right of the logo is a search bar with a "Search" button and a dropdown menu set to "All of eds.com". Below the search bar is a navigation menu with the following items: ABOUT EDS, SERVICES, INDUSTRIES, INSIGHTS AND SUCCESSES, NEWS AND EVENTS, and INVESTOR. Below the navigation menu is a welcome message: "Welcome to EDS, an HP company". To the right of the welcome message are links for [locations](#), [careers](#), [contact us](#), and [hp.com](#). The main content area features a large image of hands reaching out, with the text "The Right IT Strategies" overlaid. Below this image is a "Read more" link. To the right of the image is a blue box with the text "EDS is the technology services business group of HP" and the HP logo. Below this box is a section titled "IT TRANSFORMATION" with the following text: "Even though you can see the direction in which you want to go, it is crucial that you have a comprehensive road map before funding any major business or IT initiatives. EDS can create a strategic plan that outlines how to incorporate your business processes, systems and applications into a flexible architecture aligned to your business goals." Below this text is a "Learn more" link. At the bottom of the page are two blue boxes: "Inside EDS, an HP company" and "Market Perspectives".

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EDS is the technology services business group of HP

**IT TRANSFORMATION**

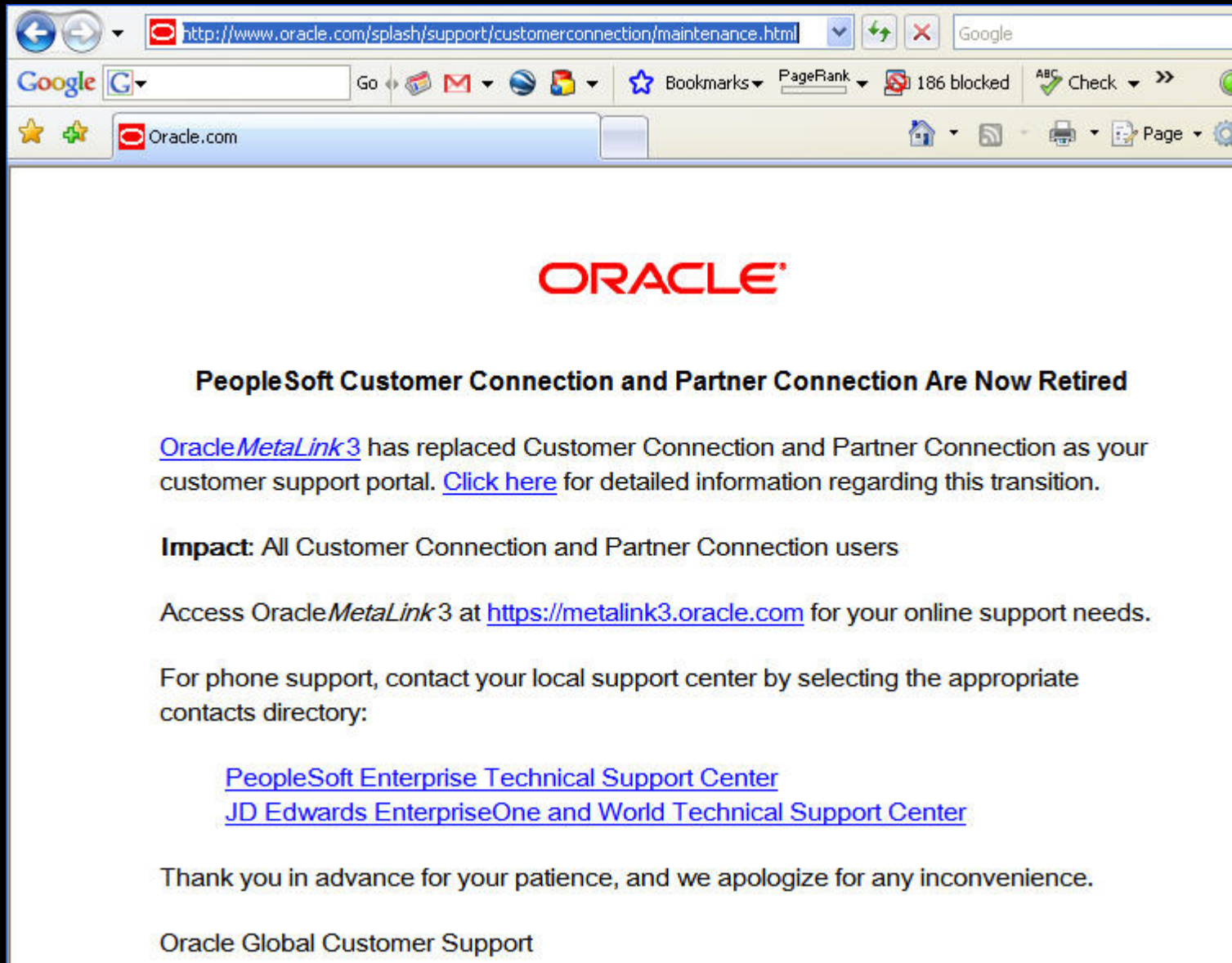
Even though you can see the direction in which you want to go, it is crucial that you have a comprehensive road map before funding any major business or IT initiatives. EDS can create a strategic plan that outlines how to incorporate your business processes, systems and applications into a flexible architecture aligned to your business goals.

[Learn more](#)

Inside EDS, an HP company

Market Perspectives

# Tough Decisions: Too Hard?



The image is a screenshot of a web browser window. The address bar shows the URL: <http://www.oracle.com/splash/support/customerconnection/maintenance.html>. The browser's search bar contains the text "Oracle.com". The main content of the page features the Oracle logo in red at the top center. Below the logo, the text reads: "PeopleSoft Customer Connection and Partner Connection Are Now Retired". This is followed by a paragraph stating that Oracle MetaLink 3 has replaced the old portals and provides a link for more information. An "Impact" section follows, stating that all users of the old portals should access Oracle MetaLink 3 at <https://metalink3.oracle.com> for online support. It also provides instructions for phone support, directing users to contact their local support center by selecting from a directory of links for PeopleSoft Enterprise Technical Support Center, JD Edwards EnterpriseOne and World Technical Support Center. The page concludes with a thank you message and the Oracle Global Customer Support logo.

**ORACLE**

**PeopleSoft Customer Connection and Partner Connection Are Now Retired**

[Oracle MetaLink 3](#) has replaced Customer Connection and Partner Connection as your customer support portal. [Click here](#) for detailed information regarding this transition.

**Impact:** All Customer Connection and Partner Connection users

Access Oracle *MetaLink 3* at <https://metalink3.oracle.com> for your online support needs.

For phone support, contact your local support center by selecting the appropriate contacts directory:

[PeopleSoft Enterprise Technical Support Center](#)  
[JD Edwards EnterpriseOne and World Technical Support Center](#)

Thank you in advance for your patience, and we apologize for any inconvenience.

Oracle Global Customer Support

# Tough Decisions: Just Right?

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and resolve network outages  
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**Consumer Support**

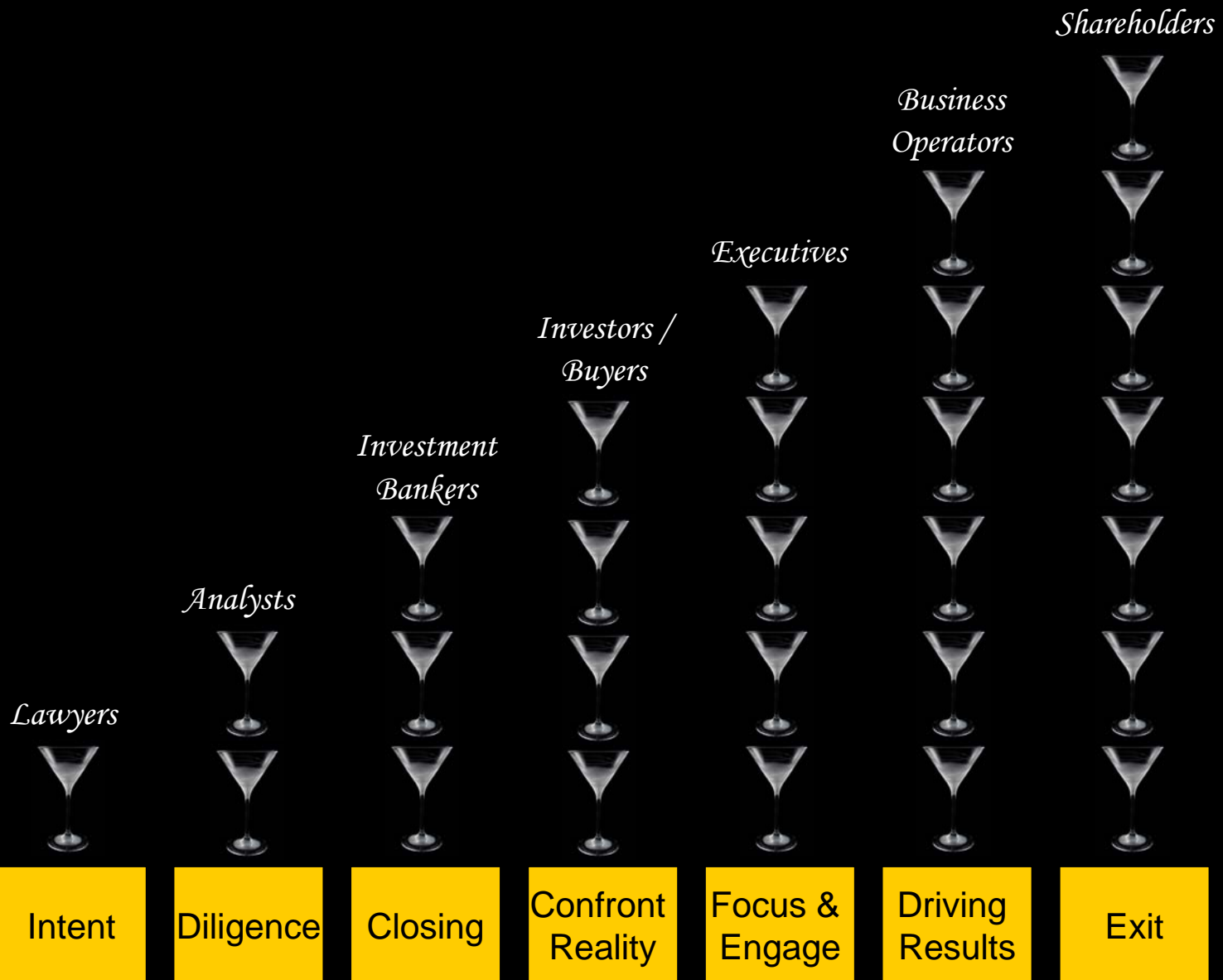
User's guides  
Connection diagrams  
FAQs  
Product overviews

> more

# Free Resources

- People Don't Hate Change, They Hate How You're Trying to Change Them (<http://www.changethis.com/48.01.CorporateChange>)
- Free Monthly iTips from Michael Kanazawa (business card or enter email at [www.bigideastobigresults.com](http://www.bigideastobigresults.com))
- Strategy Professionals Network: Business Social Network focused on business strategy from the Association of Strategic Planning (coming soon – email me at [mike@bigideastobigresults.com](mailto:mike@bigideastobigresults.com))

# The 7 Martini M&A Benchmark



# About the Presenter

**Michael Kanazawa** Dissero Partners CEO is a leading authority on corporate transformations, strategy and strategy implementation. He works as a consultant with leaders of global multinationals through mid-sized growth companies on accelerating business results and is coauthor of *BIG Ideas to BIG Results* (FT Press/Pearson, 2008). Michael previously led a corporate strategy team at Pacific Telesis Group and helped build Alliance Consulting Group through its acquisition by Emerald Solutions. His insights on transformation and strategy have been featured in national media including the Wall Street Journal, New York Times, and Fox Business News.

He currently serves on the boards EAG, Inc, and SM&A, the leading consulting firm in government contracting and program management. He earned an MBA from the University of Southern California and has a Bachelors degree in Econometrics and Mathematics from the University of California at Santa Barbara.

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