M&A Integration: Shaken, Not Stirred

Keys to Successful Business Combinations

Presented:
Association for Corporate Growth
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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
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**

- Marketing
- Product
- Sales
- Billing
- Service

**Customer Experience Alignment**

- Marketing
- Product
- Sales
- Billing
- Service

Customer touch-point

Source: Diezgo Partners, LLC 2009
Customer Focus

9 Divisions → 3 Customer-Focused BUs → 1 Market

Revenue ($MM)

No growth

Over 10%

>$1B

Phase 1

Phase 2

Customer-Focused BUs
The Human Factor

Mergers and acquisitions as a human resource strategy: Evidence from US banking firms

Author(s): Bou-Wen Lin, Shih-Chang Hung, Po-Chien Li
Journal: International Journal of Manpower
Year: 2006
Publisher: Emerald Group Publishing Limited
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%)

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?
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](https://www.oracle.com) for detailed information regarding this transition.

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

Access *Oracle MetaLink 3* at [https://metalink3.oracle.com](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?

Be Proactive
One customer call costs you $5.
One truck roll costs you $75.
Automatically detect, pinpoint
and resolve network outages
with Pointer™ application.

> 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)

• Strategy Professionals Network: Business Social Network focused on business strategy from the Association of Strategic Planning (coming soon – email me at mike@bigideastobigresults.com)
The 7 Martini M&A Benchmark

Intent
Diligence
Closing
Confront Reality
Focus & Engage
Driving Results
Exit
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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