Manage a Company Acquisition & Transition as a Program of Work

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Overview

• Merger & Acquisition Literature Review
  – A Paradox
  – Generate Expected Value - Critical Success Factors

• Case Study
  – Description
  – Case Study vs. Literature Review
  – Lessons Learned

• Conclusions
M&A Literature Review

- M&As are often part of a Growth Strategy
  - Faster than organic growth
- Paradox
  - Increasing rate of M&As
  - Estimated 60-70% failure rate
- Diminished shareholder value
- Generate Expected Value - Critical Success Factors
  1. A *disciplined* step wise process
  2. Clearly defined roles and responsibilities
## Step-wise Process Models

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<tbody>
<tr>
<td>Pre Acquisition</td>
<td>M&amp;A Strategy</td>
<td>Target Screening</td>
<td>Identify</td>
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<tr>
<td>Analysis &amp; Due Diligence</td>
<td>Search &amp; Screen</td>
<td>Investigate &amp; Value</td>
<td>Evaluate</td>
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<td>Pre Announcement</td>
<td></td>
<td>Due Diligence (10 to 30 days)</td>
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<tr>
<td>Joint Integration Planning</td>
<td>Acquire</td>
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<tr>
<td>Day 1 Execution</td>
<td>Post Merger</td>
<td>Integrate</td>
<td>Execute (short term)</td>
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<td>Actual Integration</td>
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<td>Maximise</td>
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<td>100 Day Assessment</td>
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<td>Ongoing Integration</td>
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<td>Harvest</td>
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Roles & Responsibilities

• Senior Management Team
• Integration Manager
• Integration Team
• Integration Management Office
Senior Management Team

• Seniority, strategic vision & clout
• Define program roles & responsibilities
• Shape performance culture
• Communicate with internal and external stakeholders
• Visible
• Escalation point
• CAPEX approvals
Integration Manager

• “General Manager”
• Knowledge of acquiring company
  – Drivers & Relationships
• Emotional & Cultural Intelligence
• Decision-maker
• Transition Blueprint
• Important future skills mix – “Responsible Independence”
  – Driving change whilst subject to change
  – Personal success through organisational success

Integration Team

Integration Management Office
The Case Study

Background

• Telecommunications Company Build/Buy Growth Strategy
• “Grow” the product range via an Acquisition
• Acquisition = product specific sales and support organisation
  – Customer contracts
  – Sales and support staff
• Reseller Agreement negotiated in parallel
  – To permit sales & support of the new product range
Program Governance

Executive Steering Committee
Acquisition – Daily Touchpoint Meetings including the Program Sponsor (CEO) & Key Project Representatives
Transition - Fortnightly Status Meetings including the Program Sponsor (COO)

Program Management Team
Acquisition - incorporated into the Executive Steering Committee
Transition – Weekly Status Meetings with the Program Sponsor (COO), Key Project Reps & Program Manager

Program Manager

Program Structure (7 Stepwise Projects)
<table>
<thead>
<tr>
<th>STEPS</th>
<th>PROJECTS</th>
<th>Project 1 Product Mgmt</th>
<th>Project 2 Marketing</th>
<th>Project 3 Customer Services</th>
<th>Project 4 Senior Mgmt</th>
<th>Project 5 Legal &amp; Commercial</th>
<th>Project 6 HR</th>
<th>Project 7 Fac. Mgmt &amp; IT</th>
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<tr>
<td>Build/Buy Strategy</td>
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<td>100 Day Assessment</td>
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<tr>
<td>Transition Handover to Integration</td>
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| Integration               | Business | Unit | Responsibility |
### Case Study vs. Lit. Review

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<thead>
<tr>
<th>LITERATURE REVIEW</th>
<th>CASE STUDY</th>
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<tbody>
<tr>
<td><strong>Senior Management Team</strong></td>
<td><strong>Executive Steering Committee</strong></td>
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<tr>
<td>• Seniority, strategic vision &amp; clout</td>
<td>Defined Program Structure</td>
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<tr>
<td>• Define Program roles &amp; responsibilities</td>
<td>• Governance</td>
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<tr>
<td>• Shape performance culture</td>
<td>• Stages/Steps</td>
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<tr>
<td>• Communicate with internal and external stakeholders</td>
<td>• Projects</td>
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<td>• Visible</td>
<td>• Roles &amp; Responsibilities</td>
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<td><strong>Escalation Point</strong></td>
<td>Decision-making</td>
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<td><strong>CAPEX Approvals</strong></td>
<td>Data network &amp; telephony upgrades</td>
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## Case Study vs. Lit. Review

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<td>Integration Manager “General Manager”</td>
<td>Transition Manager Program Manager Integration a Business Unit Responsibility</td>
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</table>
| • Knowledge of acquiring company incl. drivers & relationships  
  • Emotional & Cultural Intelligence | • 15+ years telecommunications experience  
• >1 year experience in acquiring company  
• Alignment to organisational strategy  
• Mix of formal & informal communications |
| Decision-maker | Make decisions  
Recommend decisions for Program Sponsor approval |
| Transition Blueprint | Detailed Planning, Implementation and Handovers |
| Important future skills mix  
• Driving change whilst subject to change  
• Personal success through organisational success | • Postgraduate qualifications in Project Management & Business  
• 15+ years experience in Program/Project Management – Change Manager/Agent  
• Focus on Delivery – Outcomes/Results Focus |
Key Lessons Learned

Acquisition Stage – Room for Improvement
• Earlier definition of roles and responsibilities
• Document management and version control
• Due Diligence resources (time and people)
• Staff communications (to both existing and acquired staff)

Transition Stage – Room for Improvement
• Program team had to work with the legacy of the Acquisition Stage
• Engage Subject Matter Experts during the Acquisition Stage
• Customer Management & Communications
• Staff stretched by working on both BAU and the Program
• Conflict between established processes and SMT push to “think outside the square” – staff KPIs linked to process compliance
Key Lessons Learned

Transition Stage – Worth Repeating
• Program structure supported the program team
• Issues Management Process
• General helpfulness and responsiveness of acquiring company staff towards acquired staff

Overall
• Acquiring company culture and individuals’ professionalism enabled the completion of the acquisition and transition.
Conclusion

Manage a Company Acquisition & Transition as a Program of Work to Generate Expected Value with

1. A *disciplined* step wise process
2. Clearly defined roles and responsibilities