

Manage a Company Acquisition & Transition as a Program of Work

Dr Kersti Nogeste

Director & Principal Consultant
Project Expertise Pty Ltd, Melbourne, Australia

knogeste@projectexpertise.com.au

www.projectexpertise.com.au

Adjunct Professor
RMIT University, Melbourne, Australia

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

<i>Vester (2002)</i>	<i>Evans (2005)</i>	<i>Deloitte (2005)</i>	<i>Crosby et al (2006)</i>
	Pre Acquisition	M&A Strategy	
Analysis & Due Diligence	Search & Screen	Target Screening	Identify
Pre Announcement	Investigate & Value	Due Diligence (10 to 30 days)	Evaluate
Joint Integration Planning	Acquire	Integrate	Execute (short term)
Day 1 Execution	Post Merger		Maximise
Actual Integration			
100 Day Assessment			
Ongoing Integration			Harvest

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)

Program Structure

PROJECTS	Project 1 Product Mgmt	Project 2 Marketing	Project 3 Customer Services	Project 4 Senior Mgmt	Project 5 Legal & Commercial	Project 6 HR	Project 7 Fac. Mgmt & IT
STEPS							
Build/Buy Strategy				✓			
Indicative Due Diligence	✓		✓	✓	✓	✓	
Pre Announcement	✓	✓		✓		✓	
Due Diligence	✓	✓	✓	✓	✓	✓	✓
Completion Announcement	✓	✓		✓		✓	
Day 1 Execution	✓		✓	✓	✓	✓	✓
Transition	✓	✓	✓	✓	✓	✓	✓
100 Day Assessment	✓	✓	✓	✓	✓	✓	✓
Transition Handover to Integration	✓	✓	✓	✓	✓	✓	✓
Integration	<i>Business Unit Responsibility</i>						

Case Study vs. Lit. Review

LITERATURE REVIEW	CASE STUDY
Senior Management Team	Executive Steering Committee
<ul style="list-style-type: none"> • Seniority, strategic vision & clout • Define Program roles & responsibilities • Shape performance culture 	Defined Program Structure <ul style="list-style-type: none"> • Governance • Stages/Steps • Projects • Roles & Responsibilities
<ul style="list-style-type: none"> • Communicate with internal and external stakeholders • Visible 	Internal Stakeholders <ul style="list-style-type: none"> • Email messages at key milestones • Formal and informal staff events External Stakeholders <ul style="list-style-type: none"> • Customer Letters, Meetings & Briefings • SMT relationship with Product Vendor
Escalation Point	Decision-making
CAPEX Approvals	Data network & telephony upgrades

Case Study vs. Lit. Review

LITERATURE REVIEW	CASE STUDY
<p>Integration Manager “General Manager”</p>	<p>Transition Manager Program Manager Integration a Business Unit Responsibility</p>
<ul style="list-style-type: none"> • Knowledge of acquiring company incl. drivers & relationships • Emotional & Cultural Intelligence 	<ul style="list-style-type: none"> • 15+ years telecommunications experience • >1 year experience in acquiring company • Alignment to organisational strategy • Mix of formal & informal communications
<p>Decision-maker</p>	<p>Make decisions Recommend decisions for Program Sponsor approval</p>
<p>Transition Blueprint</p>	<p>Detailed Planning, Implementation and Handovers</p>
<p>Important future skills mix</p> <ul style="list-style-type: none"> • Driving change whilst subject to change • Personal success through organisational success 	<ul style="list-style-type: none"> • Postgraduate qualifications in Project Management & Business • 15+ years experience in Program/Project Management – <i>Change Manager/Agent</i> • 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**