

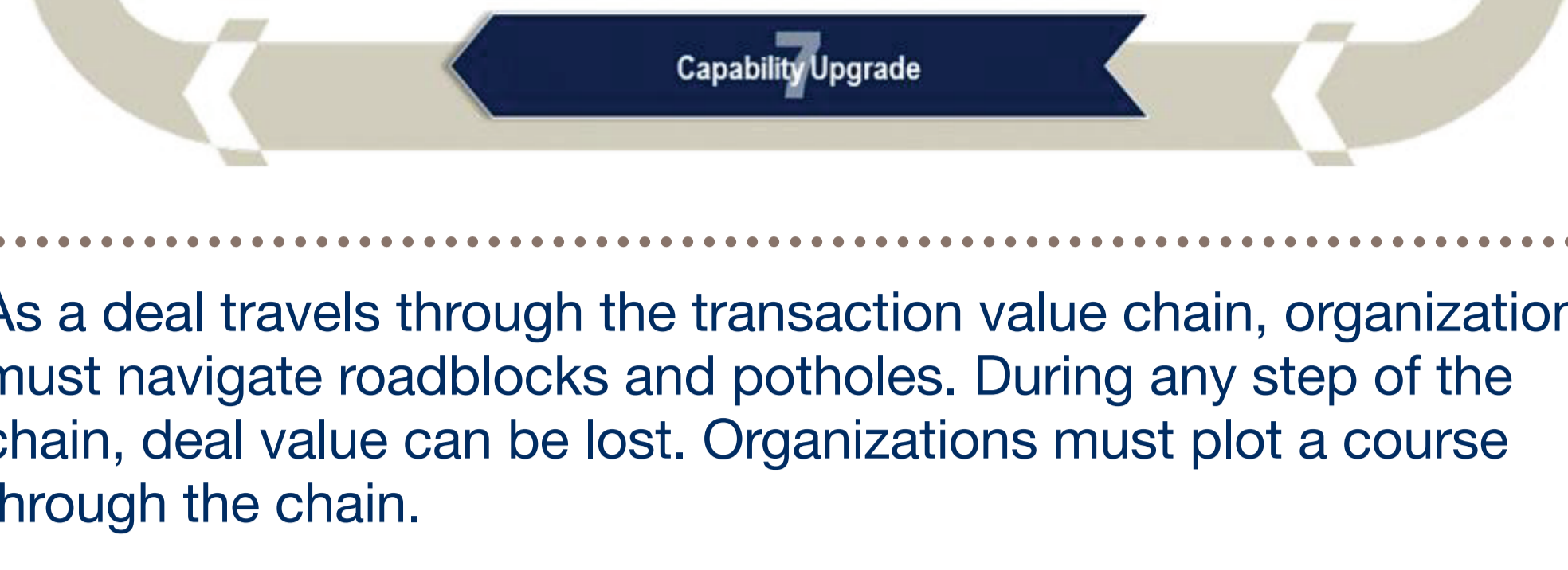
# Navigating the Key Phases of the M&A Value Chain

Avoiding Roadblocks and Adding Value to the Deal



Capturing the value from M&A deals can be tricky – if not outright treacherous. It's essential for companies to have a process that helps them navigate each step of the M&A transaction value chain, from initial strategy to post-close optimization.

## M&A Transaction Value Chain

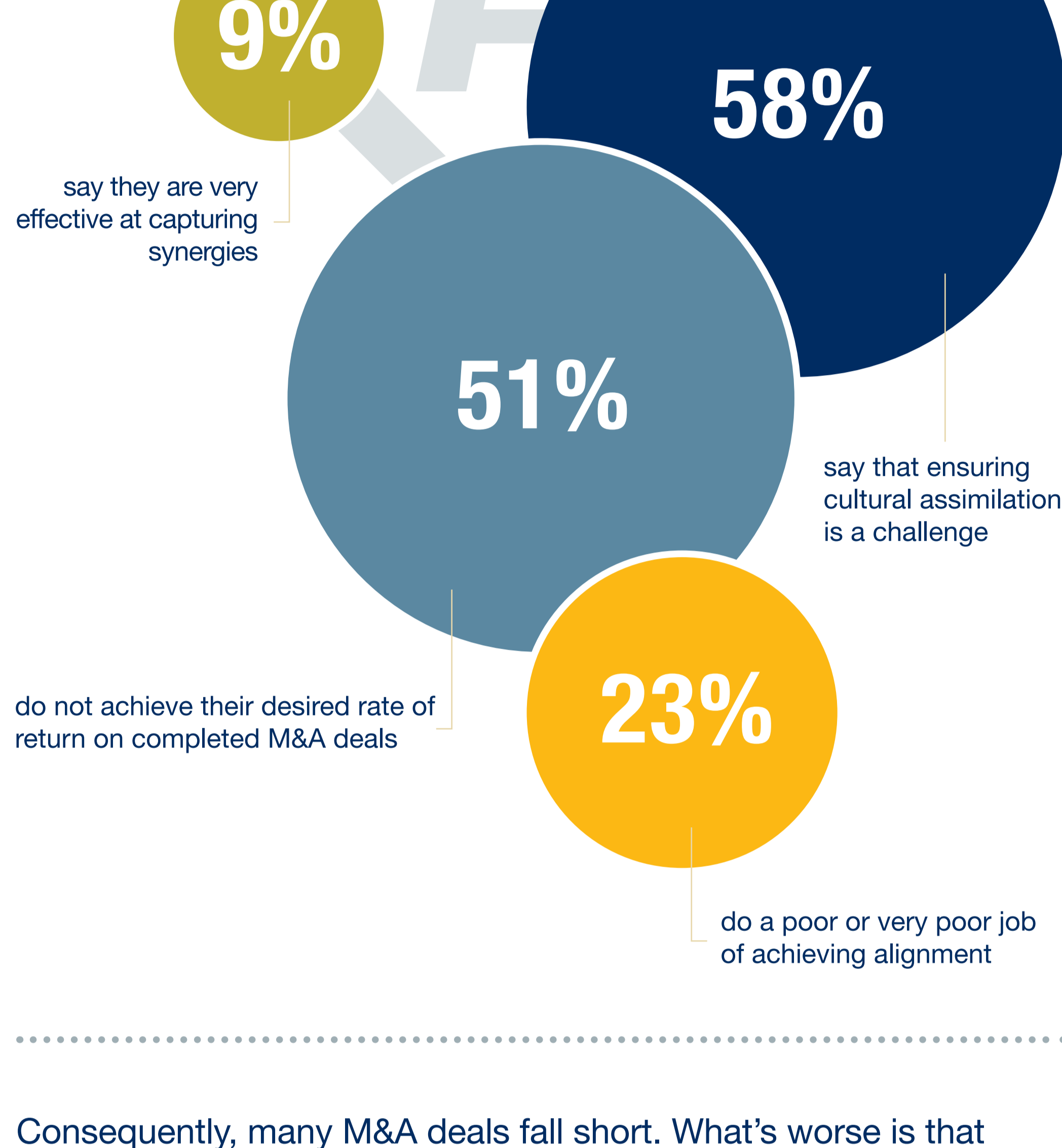


As a deal travels through the transaction value chain, organizations must navigate roadblocks and potholes. During any step of the chain, deal value can be lost. Organizations must plot a course through the chain.

A recent Crowe Horwath survey, "Critical Pillars for M&A Success," offers key insights into success factors and preventable missteps on your journey through the M&A value chain.

## ROADBLOCKS HINDERING M&A DEALS

The M&A road is fraught with potholes, speed bumps, and unexpected turns. One of the biggest challenges is the need for efficiency and speed – this despite the fact that there is so much to get done with few resources. It becomes difficult to execute efficiently and quickly enough without losing momentum and speed.



Consequently, many M&A deals fall short. What's worse is that a surprising number of transactions are pursued without a sufficiently clear idea of why, specifically, the deal makes strategic sense or, as various issues, challenges, and realities are unearthed during diligence, without questioning whether the deal still aligns with the strategic intent.



The lack of strategic clarity creates an ongoing ripple effect of challenges that undermine the ultimate realized deal value.

## DRIVING DEALS THROUGH THE VALUE CHAIN

The following are key areas where organizations can lose their way during the M&A process and ways they can get back on the road to value creation.

### 1. STRUCTURE, GOVERNANCE, AND ACCOUNTABILITY



- ✓ Create a deal steering committee
- ✓ Develop a measurement scorecard

### 2. STRATEGIC CLARITY



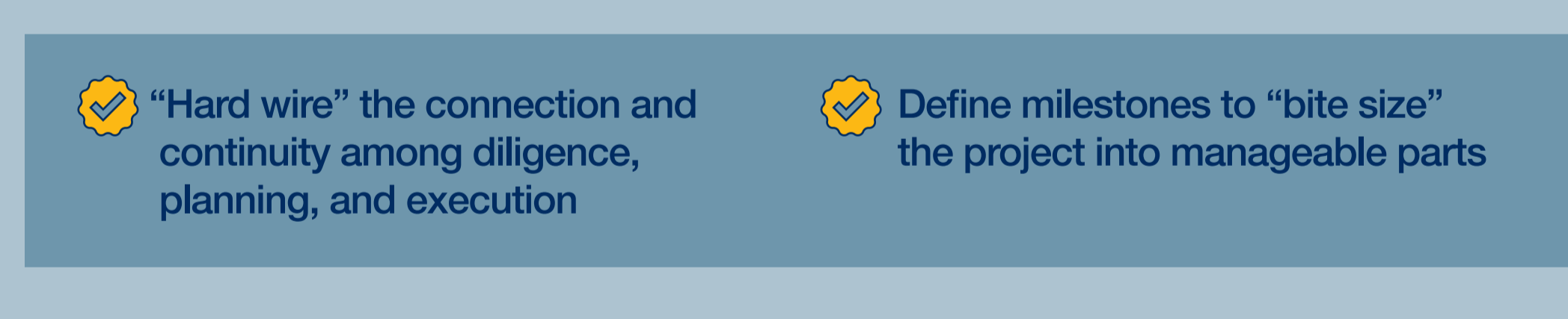
- ✓ "One-pager" approach to framing deal
- ✓ Articulate nonnegotiable strategic and operational elements

### 3. EXECUTION EFFICIENCY



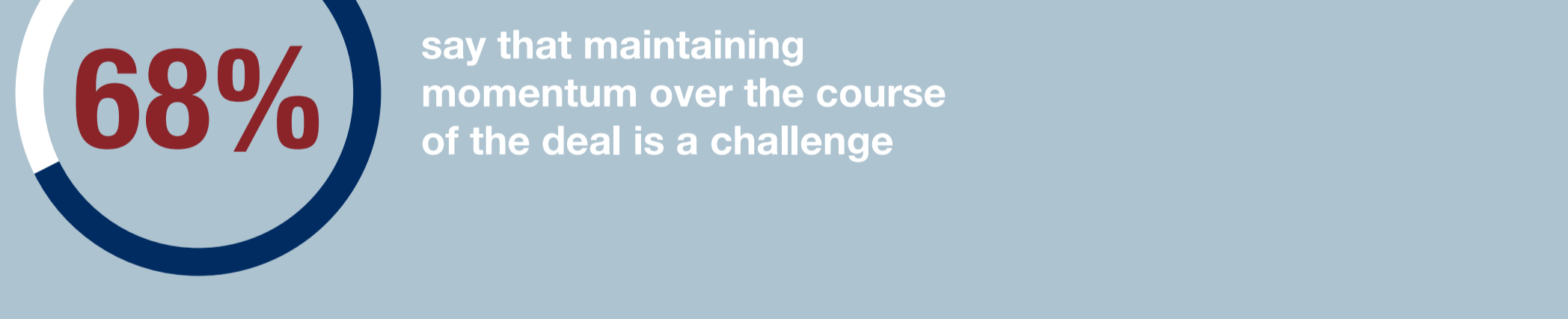
- ✓ "Hard wire" the connection and continuity among diligence, planning, and execution
- ✓ Define milestones to "bite size" the project into manageable parts

### 4. OPERATING CONTINUITY



- ✓ Maintain short-term customer continuity
- ✓ Ruthlessly prioritize between near-term integration issues and longer-term optimization

### 5. SYNERGY CAPTURE



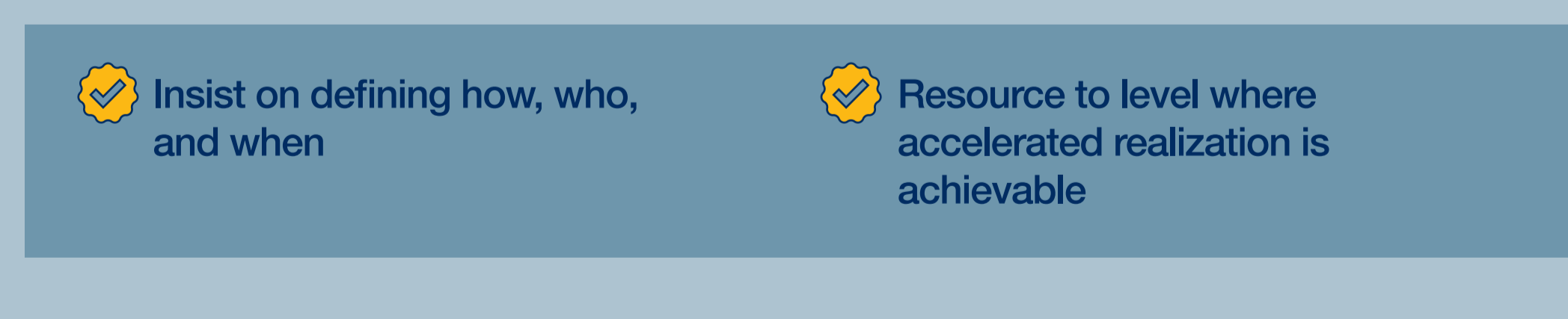
- ✓ Insist on defining how, who, and when
- ✓ Resource to level where accelerated realization is achievable

### 6. PEOPLE AND CULTURE MANAGEMENT



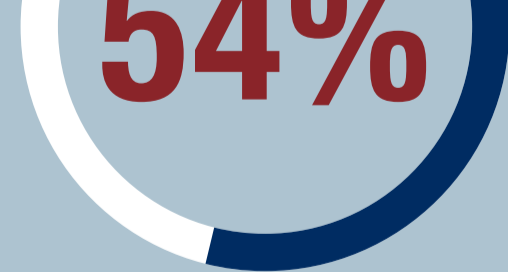
- ✓ Establish organizational structure ASAP
- ✓ Drive decisions regarding the "me issues"

### 7. SCALABLE RESOURCES



- ✓ Create a core internal deal execution team
- ✓ Pre-establish an external deal team and educate on M&A playbook

Because navigating through the complex M&A transaction value chain can be treacherous, ensuring that each step in the chain is adding value to the deal requires applying a disciplined road map that guards against going off course. The result will be M&A deals that deliver the intended value to the organization.



Source: Crowe Horwath, "Critical Pillars for M&A Success" Survey, 2014