

**SOME NOTES MADE ON
FACING THE CHALLENGES OF M&A INTEGRATION AFTER THE
ACQUISITION BY ROBERT G. COFFEY**

- 1) Must get off to a good start and prepare a 90 day plan
- 2) Put a team in place and make contact with them
- 3) Focus on important business decisions and let the integration team bring the entities together
- 4) Buyer's attitude is important and should focus on validating the strengths of the seller
- 5) In order to drive momentum some form of metrics are necessary
- 6) Focus on involvement in critical issues only
- 7) Be aware that value creation often gets lost
- 8) If the seller entity was an underperformer consider complete integration
- 9) Consider just bringing certain aspects in house where the seller has certain expertise that is not in house at the buyer
- 10) Don't let the fire of the day be a distraction
- 11) Focus on the suppliers and customers as these are core accounts
- 12) Make sure you don't receive a revenue cost squeeze from the customer and supplier base
- 13) How do cultural and organizational issues play out? Do they fit or must there be some migration?
- 14) Install some form of individual performance measurement
- 15) If there is to be complete physical integration plan out the important issues through a transparent process
- 16) Make an assessment of the "Risk" issues of integration
- 17) Ensure that someone who was involved with the "due diligence process" is a member of the integration team
- 18) The higher risk areas are; HR areas like pension plans; IT systems and changes; Governance structures
- 19) Re the competition bureau there are risks associated with receiving certain sensitive information. Assess these risks such as customer and supplier information and contracts pertaining thereto
- 20) Develop an awareness of what is going on in the integration plan
- 21) A most sensitive area is the management of departures and consider exit interviews
- 22) Some of the common integration practices must focus on the people side of qualities and capabilities
- 23) Don't confuse processes with people issues
- 24) The integration issues will be different depending on the deal; public versus private; assets versus shares; earn outs
- 25) There are competition issues depending on what information has been provided directly before the deal closes
- 26) There can be competition bureau issues that require both inside and outside counsel and depending on the sensitivity of the issues regarding customers and suppliers. These issues are different regarding up-front versus closing

- 27) Have different plans for both internal and external integration issues
- 28) Meet customers, suppliers and all employees. The buyer needs to do some stroking
- 29) Don't overwhelm
- 30) Install a project management office (a small group) and meet at least monthly
- 31) Produce "play books" for each area to help with the monitoring
- 32) Moving from an owner operated culture to the buyer's culture requires excellent leadership and proper timing
- 33) Buyer must uncover what made the seller so successful. Uncover the "magic"
- 34) Uncover and highlight the flat spots
- 35) Mindsets versus behaviour. They can drive each other
- 36) Document, publish and communicate the new Vision
- 37) Try to keep the successful values of the owner operator
- 38) The seller's employees will worry about the "new" if not properly stroked
- 39) There were some comments on some competitive issues that caused penalties and some jail sentences in the case of Computer Associates acquiring Platinum because of some positive and negative covenants in the purchase agreement
- 40) There appears to be an increasing opportunity for Private Equity Firms at the moment to focus on growth strategies to build up existing portfolios
- 41) Buyers need to focus on early strikes at a fair price to avoid finding that the seller is now in an auction
- 42) Integration planning must be done up front as part of the overall deal planning
- 43) Financial capacity will make buyers more attractive for this next M&A cycle. Attracting financing will become more difficult in the near future for this next cycle
- 44) Because of finance and product cost issues there will be a focus on cost synergies, so this may cause more integration
- 45) There may be opportunities to provide incentives for management to integrate but with the right vision this may not be necessary. With the right vision, all management should be willing to drive value without any additional incentives
- 46) Performance reviews on a more frequent basis are necessary during the integration period