

# Creating Deal Value

Stabilisation: The first step to Creating Deal Value is Day One\*

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\*connectedthinking

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# Why is post merger integration so difficult?



“Managing acquisitions is one of the hardest jobs a CEO has – and I’m talking about friendly deals”

*Norm Augustine, retired CEO  
Lockheed Martin*

# Typical integration challenges

## Consistent issues

**Aligning senior management of the two organisations on integration strategy, objectives, principles and priorities**

**Assessing the progress with integration planning and delivery against expectations**

**Dealing with conflicting priorities for management focus and best resources between integration and business as usual**

**Developing and executing an optimised Logistical footprint to drive cost and operational synergies.**

**Quickly leveraging the increased procurement volumes and “best of both” terms.**

**Identifying and managing tasks that need to be completed across the business to be ready for Day One (first day of NewCo)**

**Reviewing and optimising the property portfolios of the merged business**

**Dealing with regulatory restrictions on sharing of market/price sensitive data until completion**

**Reviewing current overhead costs and back office functions for cost reduction opportunities, including potential outsourcing, out shoring of functional activities.**

## In summary, the challenge to Create & Capture Sustained Deal Value is...

- **Balance** – The drain of management focus, core resource and investment on your core business due to integration activity
- **People** – Managing key people through the transition is critical factor. People, not plans nor assets, will deliver the deal benefits

# Seven Tenets of Successful Integration

Capturing sustained economic value in a merger or acquisition has proven to be one of the most significant challenges for today's growth minded companies.

Fundamental tenets of successful integrations include:

- Speed: An Accelerated Transition®
- Define the Integration Strategy
- Focus on Priority Initiatives
- Prepare for “Day One”
- Communicate with all Stakeholders
- Establish Leadership and Assign Accountability
- Rigorous Project Management

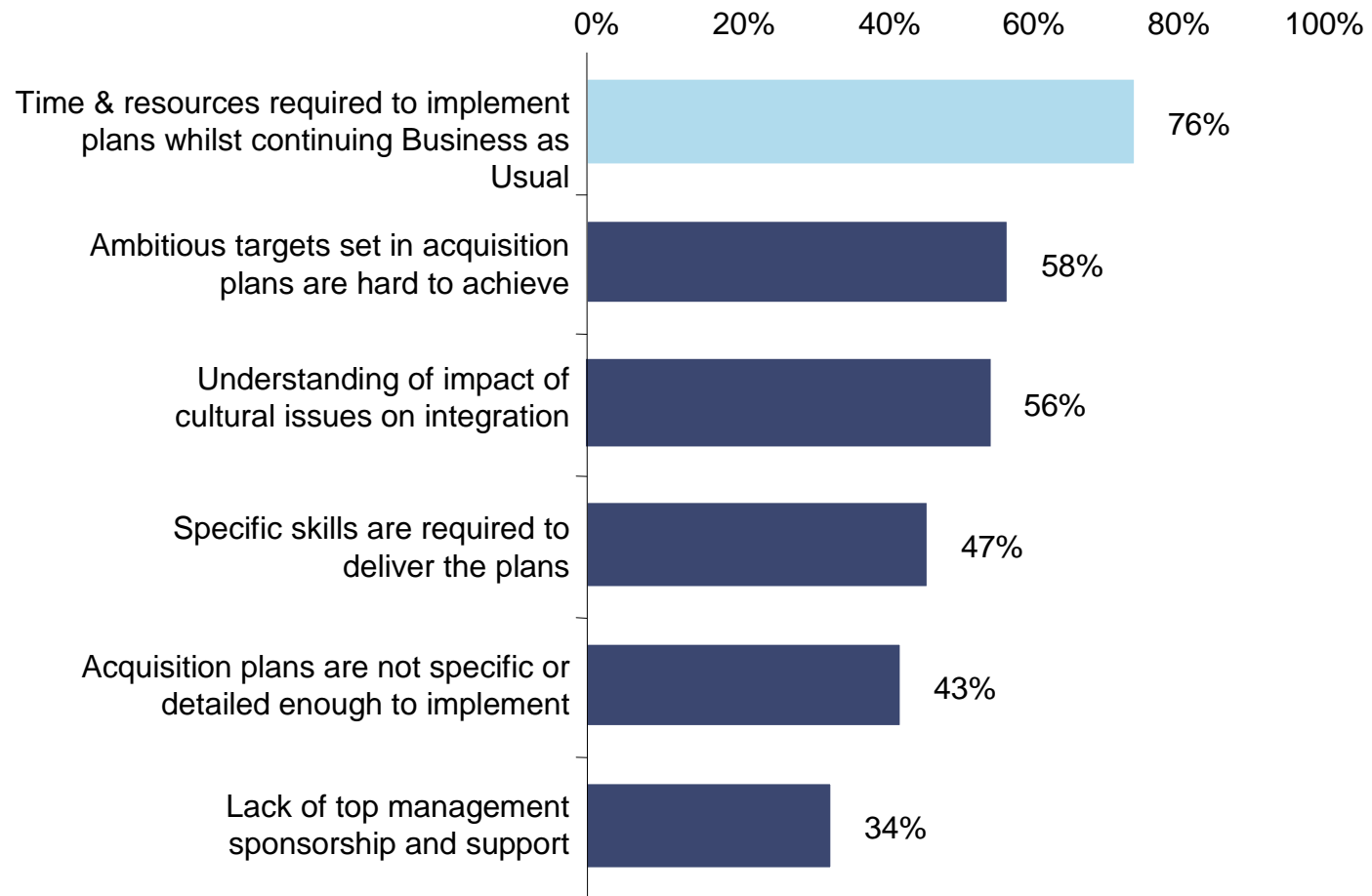
# The importance of Day One on stabilization

Why the special focus on Day One?

- Sustaining what is already there
- Managing risk through various “must do” initiatives
- Laying the foundation for effective integration

# Sustaining what is already there

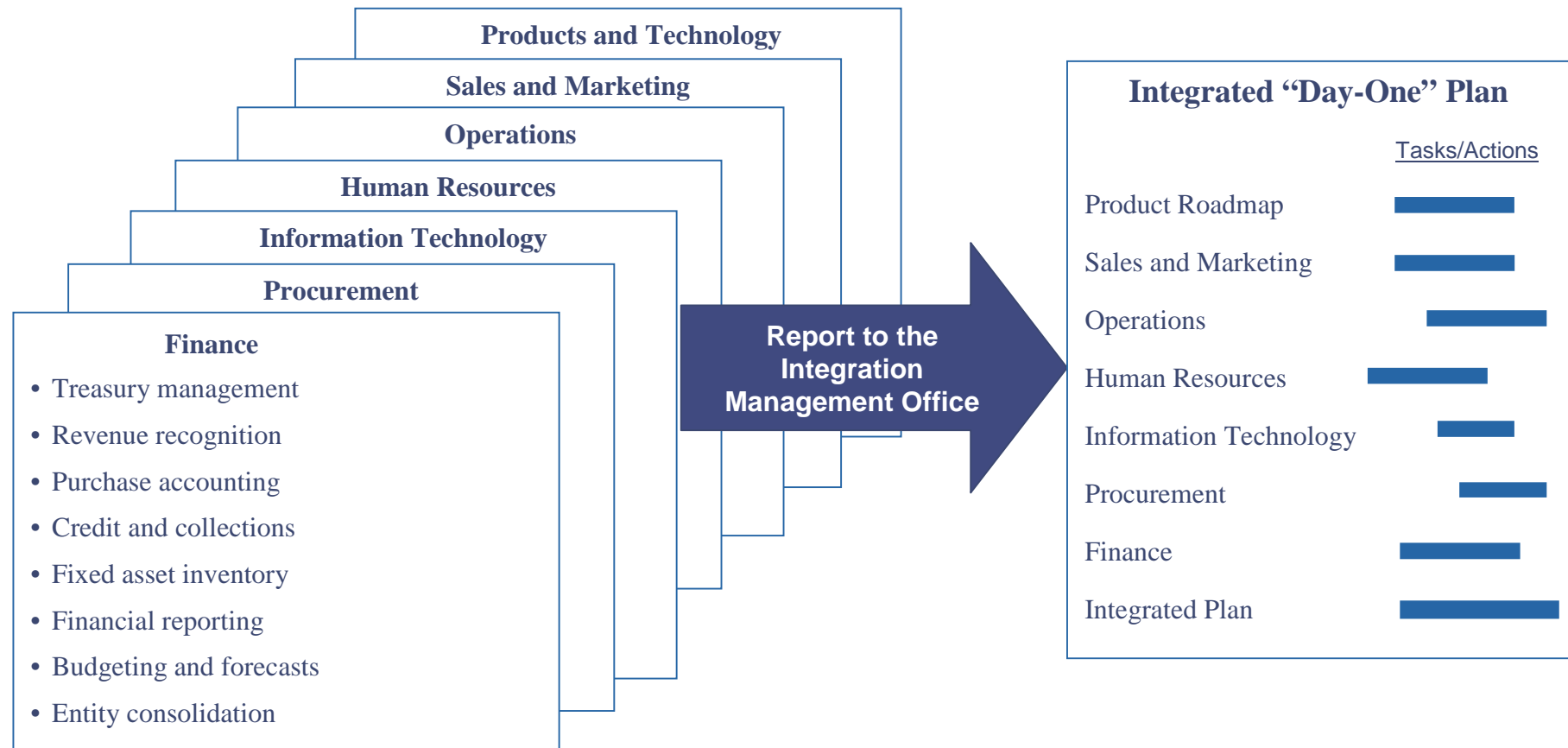
Significantly more earnings growth is driven from core business than synergy savings - Managing the balance of integration whilst delivering core business is seen as the toughest challenge.



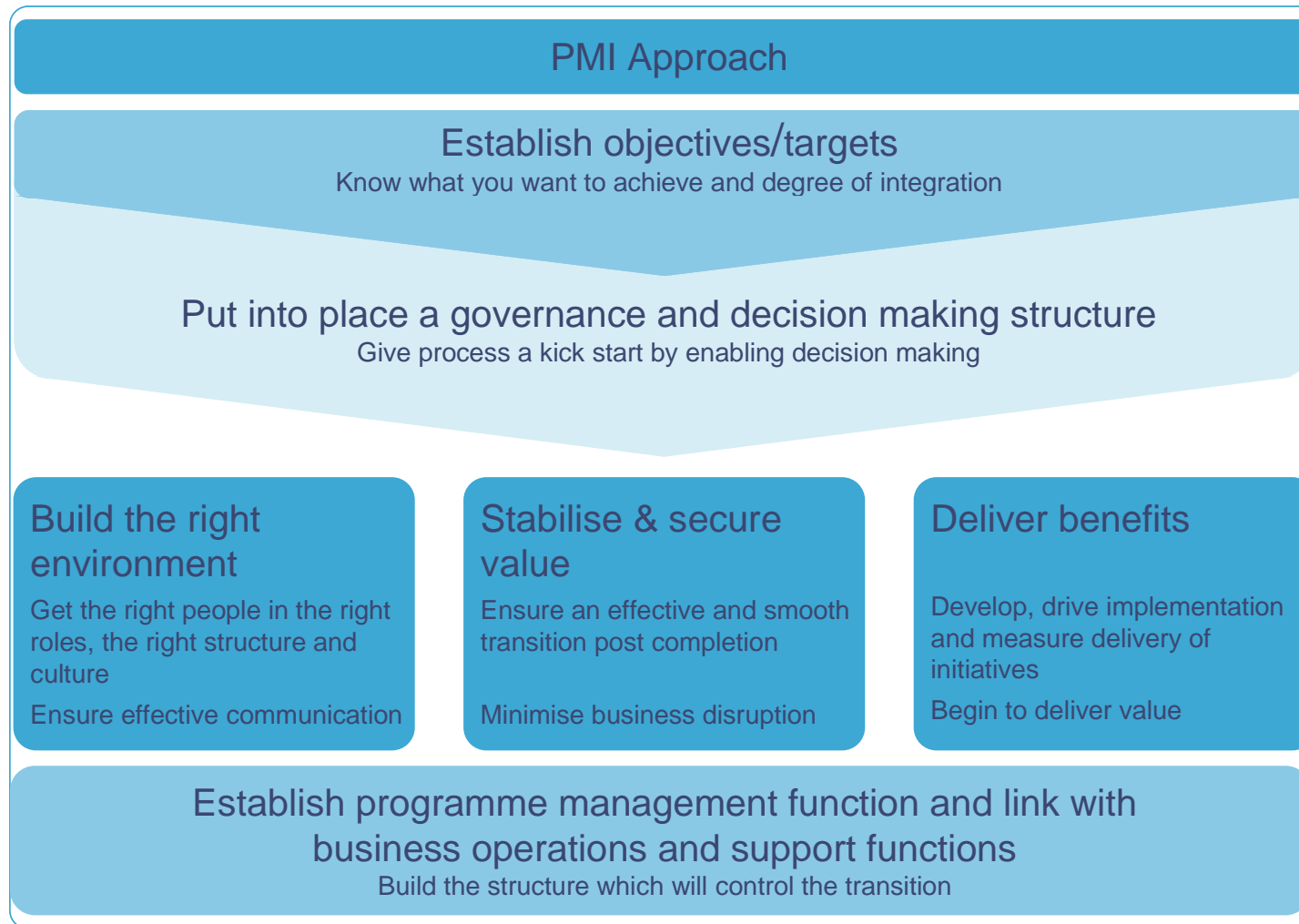
% ranked as priority no. 1, 2 or 3 out of 6

# Managing Risk

Critical “Day-One” tasks are identified early, concurrent with the due diligence process. This allows prompt identification of long lead items before they turn into closing day surprises.



# Laying an effective foundation



# Preparing to Sell

The faster the sales process, the less value is destroyed.

- Therefore, the selling, stand alone entity must demonstrate :
- Thorough understanding of the cost to run the business stand-alone
- Confidence that the Seller has a well thought out separation plan prior to the offering
- Comprehensive detail regarding enterprise value
- Advanced transition planning to provide the stand alone entity with the highest chances of success
- Comprehensive Transition Services Agreement in place to avoid business disruption
- Identification of issues early so they can be resolved prior to the deal

# Thank you!

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