Merger and Acquisitions
Cycle and Planning
The CHV Process
What's the Process

- Define Acquisition Strategy
- Locate Acquisition Candidates
- Source and Secure financing
- Assess value of the target Company
- Collect viable info from the target Company
- Negotiate Term Sheet, LOI and PA
- Coordinate Due Diligence
- Build Team Close Deal
- Develop acquisition criteria profile
- "What's the Process"
Define Acquisition Strategy

SWOT Analysis
PEST Analysis
Critical Success Factor
GAP Analysis
Porters Five Forces

In your Strategy Plan or Business Plan, acquisitions needs to be mapped out and defined clearly.
Your strategic plan must define the acquisition criteria, no compromise, only if it benefits the bottom line.
Locate Acquisition Candidates

- National and International

Collect viable info from the target Company

- Finances, Organizational Structure, Culture, Products

Assess value of the target Company

- Financial Model, Integration Assessment
Source and Secure financing

Negotiate Term Sheet, LOI and PA

Coordinate Due Diligence
Final review and check

- Financial Model
- Customer Matrix
- Product Matrix
- Legal / Contracts
- Operational Compatibility
  - IT systems
  - Procedures

Integration plan developed for execution
Pros and Cons

- **Speed**
  - One of most efficient growth strategy

- **Market Power**
  - Quickly build market share

- **New resources and competencies**
  - Diversity, new products, technologies for outsmarting Competition

- **Financial Gain**
  - Synergies, Capital Equipment utilization

- **Reduced Entry Barrier**
  - Reducing risk

- **Financial fallout**
  - Cost savings, synergies overestimated

- **High Cost**
  - Bidding process out of control

- **Integration issues**
  - Culture clashes

- **Unrelated diversifications**
  - Managing resources, competencies

- **Poorly Matched Partners**
  - Pre-Acquisition analysis?

- **Distraction from Operations**
  - Too many challenges
Acquisition – the 6 major errors

“Give the sellers the price they want, but structure the deal in a way that helps to mitigate the risk.”

- Inadequate Due Diligence
- Price too high
- Wishful thinking on Synergies
- Timing (Product / Technology)
- Failure to deal adequately with cultural issues
- Failure to have a strategy for integrating the target into buyer, and moving with appropriate dispatch