

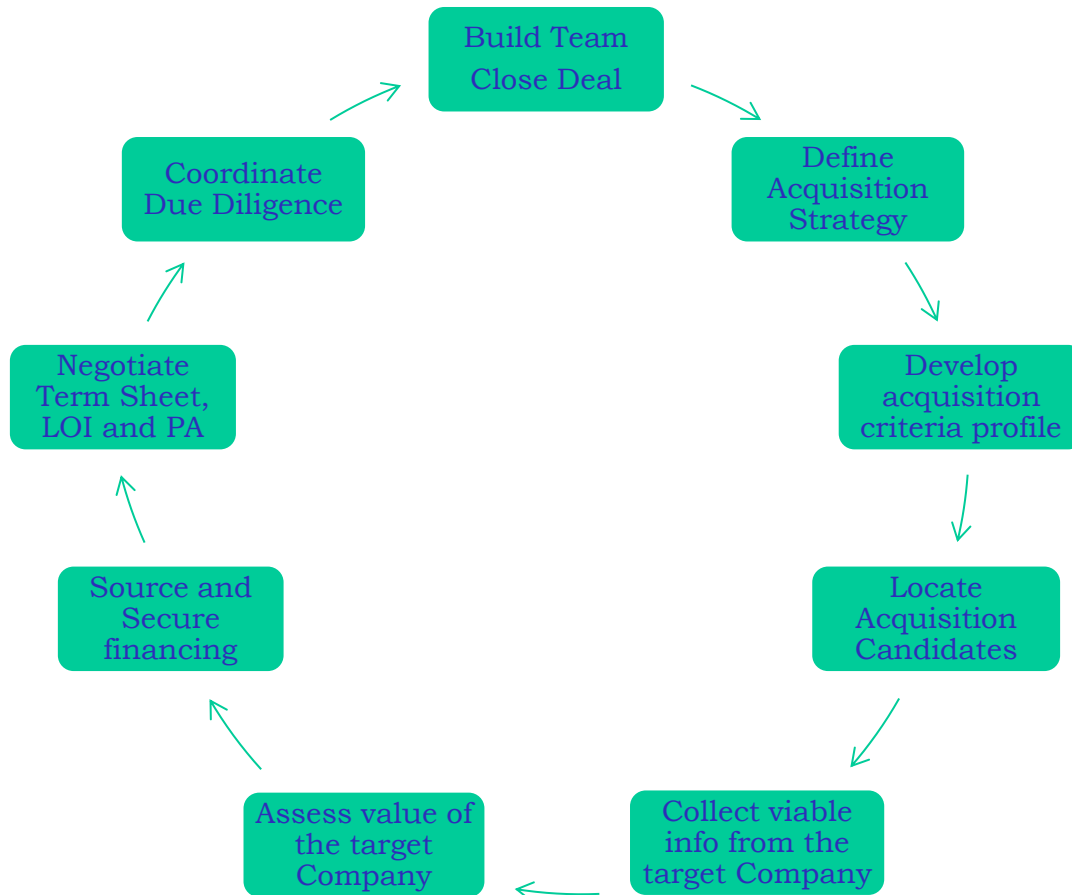
Merger and Acquisitions

Cycle and Planning

The CHV Process



# 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 an mapped out and defined clearly.



# Develop acquisition criteria profile

Financial  
Geographical  
Industry Segment  
Products or Services  
Supply Chain  
Culture

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

