

# Considerations in your post-M&A integrations

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## Agenda

- Introductions
- Dealmaking process overview
- Making your deal a success
- Final tips & takeaways – Q&A

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# The Dealmaking Process

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## Transaction Process Map

**DENTONS**  
Transaction Management System

	1	2	3	4	5	6
	Development	Valuation	Diligence	Negotiation	Close	Integration
	<b>Development and Implementation of Integration Plan is a Key Component of Each Phase of the Process</b>					
Goal	Identify qualified candidates	Discuss acceptable valuation range	Confirm valuation and preliminary transaction structure; high-level risks	Finalize transaction structure and terms	Finalize and execute transaction documents	Seamless integration of Target
Process	Informal communications	Informal discussion; Preliminary Info; Valuation Ranges	Document requests, review and analysis; Management interviews	Formal Negotiations	Sign closing documents; announce transaction	Implement Integration Plan with Integration Team direction
Docs	Confidentiality Agreement; Background Search	Preliminary Request; Indication of Interest (Letter of Intent)	Due Diligence Checklist; Integration Roadmap	Transaction Documents	Closing Documents; Regulatory Filings	Integration Roadmap
Players	Business Dev Team; Executives; Implementation Team	Business Dev Team; Outside Legal; Executives	Business Dev Team; Due Diligence Team; Outside Legal	Business Dev Team; Outside Legal; Executives	Business Dev Team; Outside Legal; Executives	Executives; Integration Team
Output	Confidentiality Agreement	Indication of Interest (Letter of Intent)	Diligence Report / Recommendations	Final Terms / Documents	Closing Documents	Seamless Integration

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## Executing on a Plan



Transaction Management System

	Functional Area	Company Lead (Buyer)	Target Lead (Seller)
Diligence Phase	Business Development Lead		
	Finance / Tax / Accounting		
	Legal / Risk Management		
	Operations / Information Technology		
	Human Resources		
	Sales and Marketing		
	Products / Vendors		
Integration Phase	Integration Lead		
	Finance / Accounting / Tax		
	Human Resources		
	Information Technology		
	Sales & Marketing		
	Facilities		

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## Post-M&A Considerations

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## The Deal is “Done”...now let’s make it successful!



As challenging as reaching a deal can be, making the transaction a success can be even more challenging!

Every transaction is unique and comes with its own set of motivations, goals and challenges.

Beginning the implementation phase in an organized fashion will help to increase your chances of fulfilling the envisioned mission!

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## Six Critical M&A Integration Building Blocks

Implementation Team	Synergy Plan and Measurement
Stakeholder Communications	External Communications
Operations Assessment	Marketing Plan

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## Formalize your IMPLEMENTATION Team

*Implementation is not a point-to-point exercise.* You will need to address multiple aspects of the project simultaneously. A “team” approach works best!

- Organize your implementation team and meet frequently to touch base.
- Adjust meeting frequency as needed
- Make sure that team members have “ownership” of their assigned implementation tasks

Initially the team should include members that represent the full array of company teams/department plus outside attorneys/consultants.

- Adjust the team makeup as progress is made and tasks are completed
- Weigh the cost of internal vs. external resources financially and operationally
- Keep meetings informational and short
- Identify gaps and celebrate successes!

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## The Synergy Plan

Hold a meeting with the Board (that approved the deal) and the Implementation Team to discuss synergies.

- Why was the deal attractive to the Board and pursued?
- What does the Board hope to gain/accomplish from the deal?
- What assumptions were used in analyzing and modeling the deal?

Formalize the desired synergy list and quantify “success” for each goal.

- For example – reduce OpEx per line by \_\_\_% by \_\_\_/\_\_\_/\_\_\_
- For example – add \_\_\_ new lines of service by \_\_\_/\_\_\_/\_\_\_

Establish processes and reports to track these goals and make the actual results/progress a regular part of Board and I-Team meetings.



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## Common Synergy Mistakes



- Overstated revenue synergies
  - Understated revenue dis-synergies
- Overlooked one-time costs
- Understated operational expenses (beware of inflation!)
- Projections don't line up with reality (i.e., bad financial modeling)
  - Market share%, revenue growth%
- Unrealistic timing projections
- Failure to communicate expectations

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## Create a Communication Plan... and follow it!



- It is important to have **timely** and clear communications with key stakeholders at the time of the transaction completion and at key points during the implementation process.
- Key Stakeholders
  - Owners/Board members
  - Customers/members
  - Employees
  - Key vendors
  - Industry-regulatory contacts/notices
- Key team changes, OSS conversions, customer base changes, network changes, etc.

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## Control the message...repeat, repeat, repeat!

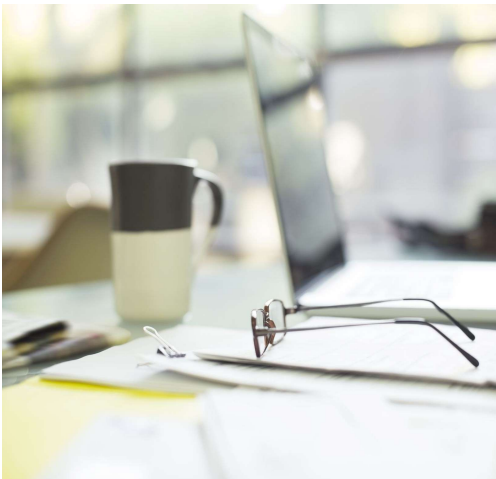


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- Following the completion of the transaction (and before implementation begins) you will have a very limited time to announce the transaction publicly before the word begins to spread.
- Control the narrative!
- Have your communications materials ready to go **Day 1**
- Have mutual agreement (Buyer/Seller) on the planned messages
- Do not rely on one media shot to get the word out!

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## Adjust and Optimize Operations Processes



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Include a detailed assessment of business processes for both entities. Identify "Best Practices" and new synergy opportunities.

Some common processes that can be reviewed:

- Buying and project management practices
- Compensation and employee benefits
- Office/Work/Labor policies
- Billing and OSS systems
- Accounting procedures and internal controls
- Insurance and Cyber practices

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## Getting Employee Buy-in

- Communications and discussions with employees as early as possible will ease the transition. While confidentiality was important during the transaction process, the implementation phase should include plenty of communication with staff and opportunities for input
- Clear communication about the purpose of the transaction is important!
- Provide opportunities (both as a group and privately) for employees to express their feelings about the change.
- While employees may have some ideas that are not part of the plan, it always helps to allow their ideas to be heard.
- Thank them for their input and all efforts to make the integration successful!!

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## Address Office Cultural Differences



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Every office has its own “culture”, work expectations, dress codes, customer interaction expectations, etc.

It is important to address any differences and establish expectations immediately. An expectation that “things will work themselves out” is a recipe for dealing with larger problems later.

Don’t assume it is your way or the highway, a little give and take goes a long ways towards establishing the required culture for success!

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## Leverage Your Marketing Opportunity!

A transaction can be a fantastic opportunity to “use the buzz” to market the organization’s services.

- Have a marketing plan ready to roll out immediately following the public announcement.
- Position the marketing plan as “celebrating” the company’s success!
- Introduce and welcome new customer-facing team members.
- Announce expanded responsibilities of existing team members and congratulate them on their growth!

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# Thank You

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