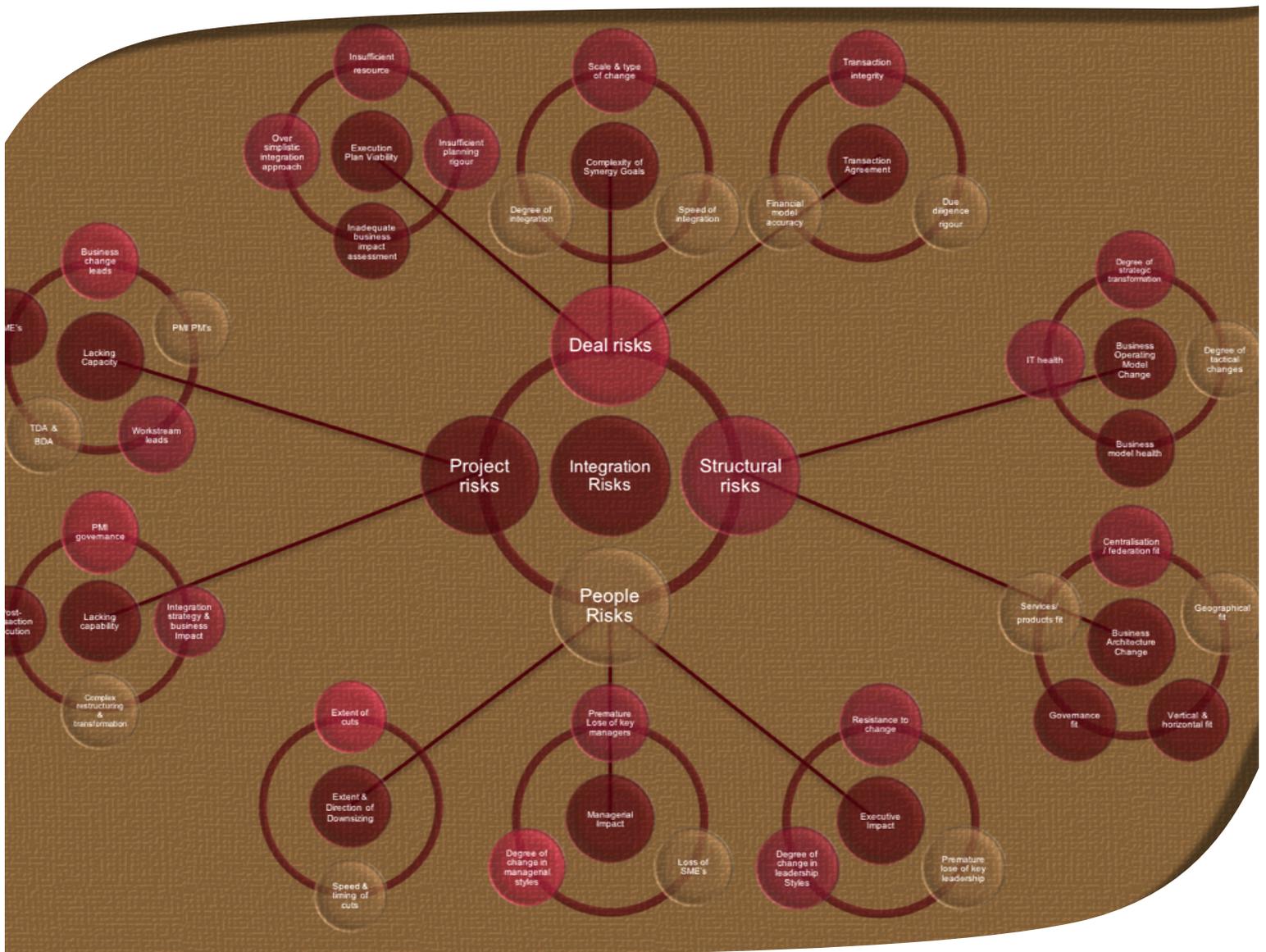




# Excellent Corporate Portfolio Managers- The Global Top 6%

*An elite group of corporate outperformers and global public firms that have demonstrated sustained, above average shareholder value creation from M&A.*





# Consistently outperforming your competition is much easier than you think.

## Who We Are

- *Dettica has a proven capability in successfully leading major cross-border acquisition integrations and divestitures with transaction value exceeding £3 billion US;*
- *Our proprietary approach is holistic, systematic, rigorous and can greatly accelerate delivery and provide real value;*
- *Our consultants are all specialists in M&A with extensive consulting and delivery experience;*
- *We work with clients to improve their M&A integration and divestiture separation delivery capabilities.*
- *Now they appear on the Cass Business School list of 'excellent corporate portfolio managers'.*

## Membership of an Elite Club

The Cass Business School has identified an elite group (top 6%) of corporate outperformers (20-year study, total sample 25,000 global public firms & 265,000 deals) i.e. companies that have demonstrated sustained, above-average shareholder value creation from M&A. Indeed, improving an acquirer's ability to execute such complex initiatives is our mission. So much so in fact our clients now appear on this list.

Whilst there are many factors that contribute to the creation of shareholder value through M&A, integration is high on that list. Indeed, a recent survey of 800 executive business leaders reported that poor performance on M&A deals was highly correlated (63%) with unforeseen integration challenges. With an estimated \$5 Trillion worth of aggregated annualised deals, that amounts to an 'eye watering' loss of synergistic value.

Unfortunately, the efficacy of the many diverse integration delivery models is highly variable and are in turn influenced by many factors. The available in-house capability to exercise such complex initiatives is also subject to considerable variation and often requires support from consulting partners. Even where this is the case, commercial considerations e.g. limiting delivery risk, always constrain the level at which the acquiring business is supported. There is also a precise balance needed between the:

- Speed of delivery, delivery rigour and capacity to deliver;
- Simplification of delivery approach, management of complexity and maintaining control;

- Minimising team size, but recognising the breadth of required competencies, learning curves and available support.

Simply put, there is a sliding scale of opposing forces that need to be brought into equilibrium. A shift to far to the left and you have a poorly executed initiative and too far to the right, the loss of speed, value and increased cost.

Often, what is needed to join the top performers is not a radical departure from the existing approach, but some fine tuning in specific areas to ensure that the integration approach:

- Minimises the time and effort required from key business resources;
- Emphasises practicality and speed, but is predicated on extensive experience, solid research and good practice.
- Recognises and manages complexity, yet presents simplicity and clarity to the business;
- Recognises and accommodates the organisational cultures and integration maturity of the transacting business entities.

For many organisations that are today active in M&A, these basic requirements are simply not being met. There are many reasons for this including:

- Change inertia and cultural pressure;
- Time and cost constraints;
- Perceived lack of capacity to implement change and associated roadmap.



*Exposing what's holding you back can set you free, but only if you can escape its hold.*

### How We Work

- We enable you to focus on value creation and preservation;
- We can facilitate the identification of synergy value using our value creation maps;
- Our approach aligns leadership and optimally shapes delivery;
- We ensure you have the awareness and self-knowledge, critical for success;
- We encapsulate complexity, help remove barriers and execute the right levers to achieve accelerated growth.

### Change Inertia and Cultural Pressure

Many organisations adopt a very low formality, high pace approach to integration in the belief, it will work with the existing organisational resourcing constraints and is culturally more acceptable. In fact, the influence of corporate culture on the approach to acquisition integration is often the root cause of many difficulties and exerts an immense vertical pressure for an aligned integration approach. That is, it will constrain the:

- Pace of the integration, level of formality and rigour;
- Integration team size, leadership involvement and translation of strategy and objectives into actionable activities;
- Efficacy of risk management, level of delivery control and accuracy of status;
- The ability of the integration team to create value and mitigate adverse business and operational impact;
- Flexibility to advance in-house skills, competencies and capabilities.

Such an approach will undoubtedly possess many virtues, but it is only when less constrained and greater freedom permits that it can be made optimal and impart true competitive edge.

### Time & Cost Constraints

It is without question that time, cost and other organisational constraints exert immense pressure to adopt the simplest and quickest means of implementing complex business initiatives.

This being a given, how on earth can we in parallel also improve integration capabilities? The truth is that this is not at all easy, but it is possible and we've been there to make it happen. It also didn't require a large team, but a lot of dedicated hard work and considerable determination.

### Capacity & Roadmap

The key here is to minimise learning curves through a 'showing by doing' approach. It also needs to be a highly hands-on, with 'been there, seen it, done it' M&A integration specialists possessing decades of experience.

Critically, it also means carefully aligning the integration approach to the transaction landscape and it necessitates reusing proven integration artefacts and templates.

It mandates acknowledging, managing and encapsulating complexity without over-simplifying or complicating the integration approach.

On the last point, the ability to adapt and evolve is increasingly critical to corporate performance and maintaining competitive edge.

Unfortunately for far too many acquirers their corporate culture behaves like a 'stellar singularity', warping alternative paths until within the proximity of the 'event horizon' there is only one.

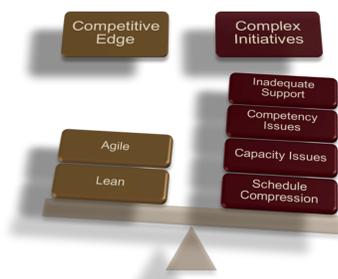


Figure 1 True agility is a major source of competitive edge.

*A staggering 94% of companies that are active in M&A fail to get this right.*

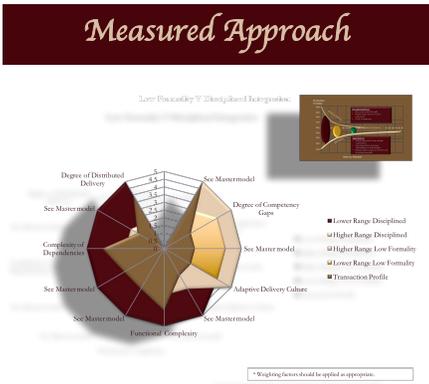


Figure 2 Integration profiling to identify the optimum approach.

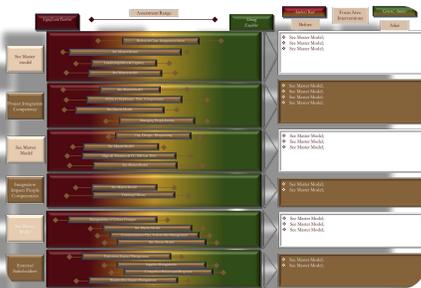


Figure 3 Shine a powerful spotlight on critical integration focus areas right from the start.

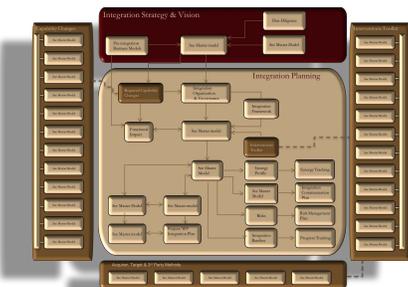


Figure 4 Avoiding unforeseen challenges requires seeing the 'big picture' and an awareness of the 'hot spots'.

### Avoid the Polarities

Any delivery approach can destroy value if applied in an inappropriate context. For example, many successful organisations adopt a “just do it” or very low discipline approach inline with a fast paced, lean corporate environment. The natural tendency is therefore to adopt a similar approach to delivering complex M&A integrations or divestitures. This approach can be problematic, for the following reasons:

- System change involving high levels of complex and tightly coupled dependencies is not well suited to very low formality;
- Agile delivery practices require a high degree of collaboration across all impacted functions and organisations;
- Less prescriptive approaches require a highly experienced integration team and a mature integration model;
- Co-location of integration team members is required to help mitigate the reduction in solution design formality and foster communication and collaboration;
- Changing complex functionality and business rules requires attention to detail.

The opposite of course is a highly formal and structured approach. However, rapid change, ambiguity and environmental factors can prove costly and timescales will likely push heavily to the right.

### In the Zone

Creating M&A value is highly correlated with deploying a highly efficient and effective approach to integration. One that strikes the right balance between speed and rigour and is a tailored fit for the organisations evolved. This is not what you get with the typical solution proposed by many large professional service organisations. They are geared towards deployment of a large team of consultants and often comprise junior and bench resource.

As needed, we can advise on the best approach by rapidly profiling the integration. This involves quickly scanning existing, integration processes, governance and delivery mechanisms for key focus areas. Such as:

- Proposed governance and solution frameworks;
- Opportunities and risks in the integration objectives;
- Robust commercial arrangements with engaged 3<sup>rd</sup> parties;
- Alignment between the acquirer, acquired and partner teams;
- Enhancing competencies, skill levels and capacity;
- Integrity of the end to end integration plan and cost model.

It is crucially important to deploy an integration approach that is the best fit for the transaction and the organisations involved. However, 94% of companies that are active in M&A fail to get this right. That’s an incredible loss of value flying under the radar undetected.



*Smooth & Controlled*

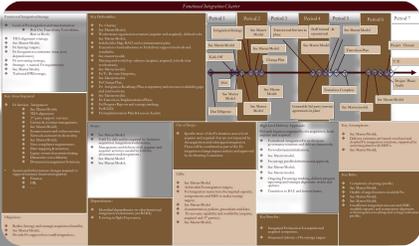


Figure 5 Expertly coordinating, aligning and guiding the business requires sustained and careful handling.

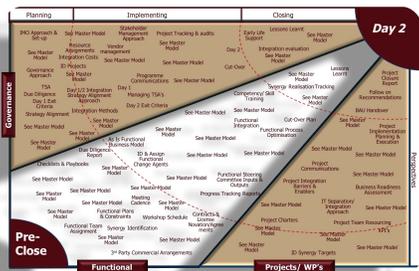


Figure 6 A route map navigates the transition from standalone to fully integrated.

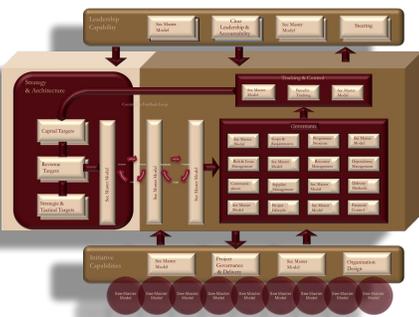


Figure 7 Assured governance avoids unpleasant surprises and underwhelming outcomes.

*Not Just Another Project*

All too often, the approach to M&A integration is to reach for the generic governance methodology, associated tools and leverage a generic change approach. To test whether this is appropriate, consider the following M&A specific requirements and challenges:

- Due-Diligence;
- Corporate and integration/carve-out strategy;
- Value identification and synergy tracking. An understanding of dis-synergies and value destruction;
- Integration/separation blueprinting and delivery planning for Day 1 & Day 2;
- Holistic framework for integrating multiple organisations and cultures;
- An awareness of the legal, compliance and commercial aspects, which are further complicated by cross-border transactions;
- Managing enterprise wide change, restructuring and transformation involving multiple organisations;
- Alignment of multiple outsourced partners and vendors and their delivery methodologies and commercial frameworks.

The simple fact is that M&A integrations top the scale of complex business change/ transformational initiatives and have many intrinsic challenges. It is a certainty that a generic approach to acquisition integration is not fully supportive of yielding above-average total shareholder returns.

Also, it can take considerable time to evolve the in-house integration process, tools and competencies without expert guidance and support. A timescale which is vastly misaligned with today's rapidly changing business environment.

*Elasticity Has Limits*

The pace of an M&A integration or divestiture cannot accommodate a steep learning curve. It will also quickly expose an oversimplified, over overcomplicated or otherwise inappropriate approach.

Considerable effort in the form of coaching, mentoring and coordinating the business is often complicated by a globally distributed team.

Leveraging business SME's needs to be highly efficient to avoid impacting business performance. This challenge becomes even more obvious when you consider the plethora of activities that require this input, including:

- Due-diligence, legal, commercial, statutory and cross-border constraints and considerations;
- Synergy value identification, evaluation and tracking;
- Integration strategy and functional blueprinting;
- Tactical requirements, TSA definition and implementation;
- Business process, people, IT systems and organisation structure impact mapping;
- Operational & cultural performance improvements;
- Training and change agent interventions, managing the people issues and major organisational restructuring;
- IT integration design and testing;
- Business readiness assessments;
- Functional workstream governance and leadership.

Regardless of how 'light touch' the formality, it is easy to see how the business can end up overstretched, demoralised and in excessive prioritisation mode. Couple this with the inevitable uncertainty that surrounds M&A and you have a pressure cooker of staff concerns to overcome.

# How to get 'more out' by putting 'less in'! Resonance is not only found in the physical but also the corporate world.

## Elicit the Resonance Effect

A significant amount of attention in the M&A community concerns resolving cultural barriers to value creation. The recommended solution typically involves executing an alignment strategy. However, there is a major problem with this approach:

An intense integration pressure makes it difficult to find the time and mental space to learn about an acquired organisation in more than a shallow level and significant cultural transformation can take years.

So, what's a realistic approach and one that can be exercised in typical integration timescales?

The key here is to focus on establishing the 'performance culture', that is, those cultural features that are most relevant for how the new company will create value.

This approach involves identifying performance gaps and skilfully aligning and positioning the required interventions within the overall integration execution.

Many acquirers struggle with identifying, combining and synchronising the right business change activities to maximise performance outcomes. The key is to induce a resonant change effect, through systematically reinforcing interventions on the acquirer and target business.

A far less considered approach often results in a more polarised stance, either by adopting a relatively passive or aggressive combination of interventions. Both produce a far less than optimal performance as value is neither created or partially destroyed.

What is most frustrating is that with a little more insight and effort an acquirer can catapult deal performance. What is needed is access to the right expertise with an innovative, proven and readily implementable set of tools that are designed for this purpose.

This collective toolset looks at operational performance from a holistic perspective and maps out where interventions should be applied and how they contribute overall to the performance improvement objectives.

Our aim has always been to build an approach and toolset that is truly effective and which can be comfortably implemented by a relatively small team in highly compressed delivery timescales.

An approach which strikes an optimum balance between conflicting priorities, codifies exceptional levels of expertise and can offer:

- Speed & Control;
- Efficiency & Rigour;
- Predictability & Agility;
- Value Creation & Competitive Edge.

Realising the performance targets associated with an acquisition or divestiture is never easy. But leveraging and stacking the right interventions at the right time has been shown to generate disproportionate gains.

After all, M&A transactions are major investments. They involve complex 'living and breathing' entities that are undergoing major systemic interventions. Speed is essential, but not at the expense of a poorly planned and executed 'corporate surgery'. It involves working smarter rather than harder, and achieving more with less.

### The Right Levers

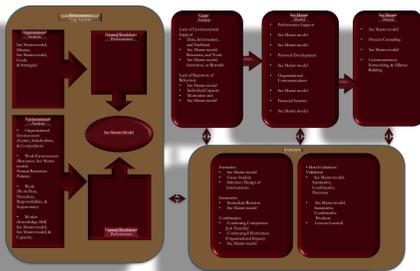


Figure 8 It's all about enabling outstanding performance.

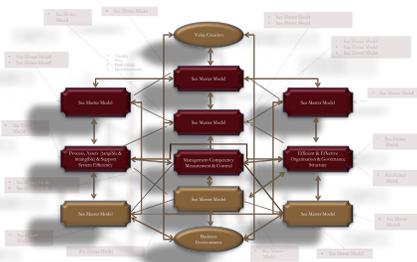


Figure 9 Understanding the inter-relationships between integration activities and performance interventions is incredibly valuable.

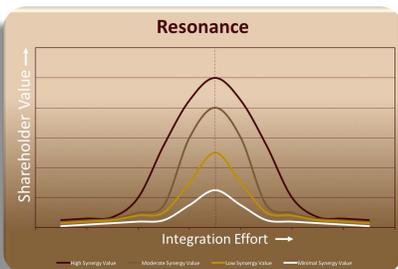


Figure 10 The right interventions applied synergistically to produce disproportionate gains.



## About us

Dettica has extensive experience managing complex, global M&A integrations and divestitures with transaction values exceeding \$3 billion US.

Dettica is a specialist in the provision of merger, acquisition and divestiture services. All our consultants possess decades of top-tier consulting experience and are experts in their respective disciplines.

We have developed a proprietary approach to M&A integration and divestiture that is proven and aligned with our clients' needs. It has been matured and battle tested and builds on deep experience and extensive research.

Our engagement approach is highly flexible. We can supply a single expert or a small high performance team. We are often needed to augment in-house capabilities, coach client resources and address specific and highly specialised M&A capability gaps.

Dettica enables its clients to achieve accelerated growth and focus on business value creation, rather than the "nuts and bolts" delivery mechanics.

We can help identify and mitigate the major risks associated with enterprise-wide change and transformation involving multiple organisations and corporate shared services.

We truly believe our services give clients an invaluable source of real competitive advantage.

As a client of Dettica you will be our highest priority and we will always act in your best interest. We consistently go "the extra mile" and fully understand the commitment and drive required to achieve a successful outcome.

We deliver our services globally and are culturally sensitive. We understand the value of agility and speed and the need to embed discipline and structure.

We have uniquely positioned ourselves by carefully listening to our clients and providing exceptional services that really deliver.

The Cass Business School has subsequently identified our clients within an elite group of corporate outperformers that have demonstrated sustained, above-average shareholder value creation from M&A.

If you are currently concerned about your corporate M&A integration or divestiture capability or an imminent transaction, it would be our great pleasure to assist you. For your convenience, a link is provided to our contact form and an e-mail address for further enquiries. Alternatively, you may wish to visit us at [www.dettica.com](http://www.dettica.com).



[Dettica Website](#)

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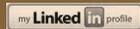


## About the Author



**Leyton Price** is the managing partner with Dettica and is based in the United Kingdom. Leyton has provided delivery leadership services for many complex global initiatives, including a \$3 billion cross-border divestiture, but also most recently the concurrent integration of six acquired businesses with a global scope and operations in 92 countries. He has deep experience shaping and leading the execution of complex M&A, business change, transformation and IT programmes for high profile clients with a global footprint. He is particularly adept at delivering complex initiatives in lean and agile environments and has a very wide and deep exposure to proven delivery models. Leyton is most commonly deployed globally by his clients to address their delivery vulnerabilities in complex initiatives and is regarded by the same as a high value, high performance consultant and advisor.

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