Growth Hacking UNLOCKED

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Merger & Acquisition Guide

How To **Growth Hack Your Business**

The Mergers and Acquisitions Introduction Guide

Why mergers and acquisitions? (M&A)

Mergers and acquisitions are an important part of growth strategies for the following reasons:

1. Grow market share & Provide access to new markets, products, and distribution channels.
2. Provide an organization with new technology, talent, and capabilities to drive growth.
3. Helping organizations capture synergies in operational processes.

There are multiple different operational processes that can be improved upon such as:

Companies can identify opportunities to achieve competitive advantage through increased **scope or scale to improve operations.** Cost savings and efficiency opportunities are thanks to technology, regulation, globalization, and other developments within the market.

Customer-focused opportunities. This can be achieved **through boosting revenue and margin growth by leverage of customer-focused opportunities.** These opportunities are often built around created value such as broadening of products and service offerings, expansion geographically, and acquiring research and development. You can also think about enhancing brand management and improving the customer experience.

Companies can use M&A as a tool to transform the business by **creating new ways of doing business.** Creating a new value proposition for example and altering the way how money is made within the industry. For example, faster, better and at a lower cost delivered value to customers.

Basically, to pursue a merger or acquisition is all about having an early vision of the process up to execution and beyond to create a competitive advantage and create new value that was not existent or little before.

When is the best time to do a transaction?

The best time to do a transaction is when the need meets the opportunity.

Basically, when a competitive advantage can be sustained or achieved through M&A and when market conditions are favorable & necessary.

What phases are there for a transaction?

1. **Growth/portfolio strategy.** Provides a roadmap for the development strategy.
2. **Due diligence.** Examines the value proposition such as potential synergies, opportunities. Also reviews current policies and analyzes the market and target to see the players within the industry.
3. **Integration planning.** Delivers a road map for delivering synergies, efficiencies and growth that was promised.

4. **Integration execution.** Execution of the roadmap. This phase carries the most risk and resources.
5. **Project management.** Supports the acquisition throughout the deal process from due diligence to execution.
6. **Change management.** Integrating of cultures and managing change within the company.

What are some of the risk areas in a transaction of M&A?

We have listed all the risks that can happen in an M&A transaction below:

During all phases of the process:

- Lack of strategic rationale.
- Not enough strategy and shared vision.
- Leadership that is poor.
- A lack of experience.
- No streamlined deal processes.
- Not enough resources.
- Expectations that are not realistic.

During the due diligence phase:

- Lack of rigorous target decision criteria.
- Incomplete deal evaluation.
- Failure to focus on value creation early in the process such as efficiency opportunities, growth targets, and synergies.

During the Integration Planning Phase:

- The delaying of planning
- Lack of using synergy opportunities with planning.
- Overconfidence to change or/and turn around the target.
- Focusing too much on the short term by cutting people and cost.
- Lack of attention to alignment and change management issues in planning.

During the Integration Execution Phase:

- Corporate cultures that are conflicting.
- Poor execution of integration plan.
- Lack of communication.
- Poor transparency
- Poor project management and accountability for results.
- Lack of employee morale and commitment.
- Lack of attention towards the customer base.
- Not enough trust within the company.
- Losing your best personnel.

Company truly achieves their maximum potential with M&A when they do not fall into the traps above and work together on the expected value of the merger. It is important to have a clear view of the target at every stage.