Framgångsfaktorer för en lyckad transaktion

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We interviewed 600 executives globally and analyzed 8 years of transaction data, to uncover the key attributes of deals that create the most value, measured 24 months post-transaction
61% say their last acquisition created value, including just 21% who say it created significant value. However...

What the numbers show:

53% underperformed their industry peers, on average, over the 24 months following completion of their last deal, based on Total Shareholder Return (TSR).

57% of divestors underperformed their industry peers, on average, over the 24 months following completion of their last deal, based on TSR.
Looking at deals from a Private Equity perspective, shows the same pattern of increasing difficulties to create value from M&A.

"Winning deals today are difficult and prices are high. Knowledge of the market and the asset are key, as is the knowledge of the value creation levers. Value creation is more important than financing or structuring. These are commodities." — Iñaki Cobo, KKR
Lessons learned, according to the Buyers, tells the same story of a need for a broader perspective in order to succeed with M&A.
“In your latest acquisitions, what were your actual priorities on Day 1 after the transaction was completed?”

What should have been our priorities?

Lessons learned, according to the Buyers, tells the same story of a need for a broader perspective in order to succeed with M&A.
Three core areas of a value creation approach:

1. Strategy/portfolio driven vs opportunistic M&A
2. Comprehensive value plan vs transaction focus only
3. People & Culture vs “spread sheet” only
• 80% state that more work can be done to validate their pre-deal hypotheses
• 68% say target selection can be improved
• 90% of buyers had a value creation plan in place when they signed a deal, however 83% stated that their plans could be improved

What does this mean for buyers?

• Bringing a more strategic lens to M&A planning and execution means understanding where the business needs to strengthen or expand in order to deliver on its ambitions
• It also means regularly reviewing the market for relevant opportunities
• Deals driven by a strategic portfolio review were far more likely to result in value being created
• Given the chance to do the deal again two-thirds admit that, more than anything else, value creation would be a priority right from the start
• 63% of buyers whose deal lost value didn’t have a technology plan in place at signing
• 70% of buyers whose deal lost value didn’t have a synergy plan in place at signing
• 79% of buyers whose deal lost value didn’t have an integration plan in place at signing
• 89% of sellers say there is room for improvement on optimising the tax and legal structure

What does this mean for buyers?

• Get the basics right: Perhaps obvious, but the survey findings suggest lots of room for improvement;
  – Is the integration plan detailed enough?
  – Is accountability clearly defined?
  – Is there a governance model in place?
  – Are all the resources and stakeholders aligned?

• One of the misconceptions is that deal fundamentals such as integration are post-deal issues – they absolutely are not. Successful acquires work on integration and other core value creation levers at the same time as they conduct their diligence

• Consider all aspects including strategic repositioning, improving business performance, optimising operating models, the balance sheet and the right tax structure
• 48% of respondents say they lost more than 10% of the staff they hoped to retain following their most recent acquisition
• 92% believe they could have handled communication and culture management more effectively during their last deal
• 65% of acquires say cultural issues hampered the creation of value

What does this mean for buyers?

• Put culture at the heart of the deal: Keeping people and cultural aspects upfront in planning is fundamental. Wide engagement and communication of the value creation plan will help retain and build buy-in from key personnel. Failing to plan for cultural change will significantly undermine the value created
• Consider how you are recognising key skills and incentivising core talent to stay engaged throughout the value creation process
• The ability to bring cultures together should be a key factor in deciding whether or not you do the deal
• Analysis confirms the importance of experienced people to generating maximum value from a deal
“Smart buyers are doing more sophisticated diligence and examining value creation opportunities more deeply as a complement to conducting just financial and tax due diligence”
The Value Bridge illustrates the content of a comprehensive value creation approach, and the interdependencies between its parts.
From the Seller’s perspective:

57% of divestitures underperform their industry benchmark 24 months after completion

Preparing the asset for sale
- 84% believe there is room for improvement when presenting upside opportunities to buyers
- 89% believe they could do more to optimise the asset from a tax and legal structure perspective
- 66% of respondents stating that their last divestment lost significant value made no divestments in a typical year
- 39% agree there is also significant room for improvement in optimising the asset’s financials

The value of sell-side due diligence
- 92% of those who say their last divestment created value also carried out sell-side due diligence
- 99% of those whose last divestment created significant value have a formal value creation methodology
- 95% of value destructive deals having not carried out a VDD process

Culture is not just a buyer’s concern
- 93% of divestors surveyed believe there is room for improvement in the way they engaged with and incentivised the mgmt team of the asset being sold
From the Seller’s perspective:

**Develop a ‘divestment playbook’**
Sellers need to develop consistent value focused messages based on thorough preparation and portfolio review with potential buyers in mind. Outline the basic story, show them where value has been built and how they can continue to create value in the future.

**Don’t leave due diligence to the buyers**
Despite its potential to create value, almost half of divestors we surveyed say they carry out no sell-side due diligence at all. Successful divestors are heading off difficulties at an early stage, with their sell-side due diligence efforts reflecting a more disciplined approach overall to divestments.

**Explore the art of the possible**
Divestment plans should involve more than just the allocation of existing capital. They should consider and map out the art of the possible. What could the asset being sold achieve with unconstrained capital, bringing in much-needed new skills and bolt-on acquisitions? This kind of approach will not only attract a wider pool of potential buyers, but it will also hold on to value through the deal.

**Make the most of your people**
Focusing your best people on maximising the value of a unit you are planning to sell may seem counterintuitive, but it will ensure value is not lost and prevent buyers from dropping out. Furthermore, your ability to motivate those people who are in the business being sold and transitioning them successfully to the buyer has a crucial role to play.

**There is no substitute for experience**
Almost half of respondents may not make any divestments in a typical year. This lack of experience can affect value even when the team involved thinks everything is running well. The best sellers have done it many times and they are more practised.

**Address legal complexity**
On the divestment side, much of the legal complexity stems from separating out the entity being sold and making sure it is done early enough so it’s ready to go when it comes to market. Define what you’re selling and examine the legal structure holding that business within the group. Addressing and potential legacy issues before a business is put up for sale can mitigate value loss.
Thank you!

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