



# GROWTH PROCESS TOOLKIT

Mergers & Acquisitions

*Accelerating M&A Growth through  
Early-Stage Planning and Evaluation*

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**Robert Ayoub**

North America Information & Communication  
Technologies

**Dan Goldenberg**

Growth Team Membership

**Ginger Bailey**

Marketing

**Kenneth Herbert**

Business & Financial Services

**Jessica Brittain**

Business & Financial Services

**Leo O'Connor**

Technical Insights

**Katherine Burns**

Growth Team Membership

**Jennifer O'Grady**

Business & Financial Services

**Dan Colquhoun**

Customer Research

**Lori Salazar-Malone**

Business & Financial Services

**James Evans**

Management Information Systems

**Clare Walker**

Business & Financial Services

**Tonya Fowler**

Customer Research

**Ashley Warren**

Marketing

**Cynthia Galvan-Cavazos**

Growth Team Membership

**Debbie Wong**

Business & Financial Services



# INTRODUCTION

## Growth Process Toolkit *Mergers & Acquisitions*



## INTRODUCTION

### The Pressure to Grow

In spite of the risks associated with M&A, today's competitive marketplace makes it nearly impossible for an organisation to achieve its growth objectives through organic growth alone. Indeed, recent studies suggest companies that don't complement internal growth with external activity, such as M&A, find it increasingly difficult to provide the top-line and bottom-line results that shareholders expect. Companies looking to expand into new markets, pursue new innovation opportunities, and hit aggressive targets must therefore build M&A into their growth strategies.

### The Irony of Good Intentions

M&A represents a tantalizing shortcut to accelerated growth – and while not entirely without merit, in reality, most companies that pursue this promise ultimately face losses and complexity rather than gains and simplicity. Countless business periodicals reference troubling statistics attesting to the seemingly insurmountable difficulties that accompany M&A, as outlined in part below.<sup>1</sup>

- 75% of larger mergers destroy, rather than create, shareholder value
- 50% of companies decline in productivity following a merger announcement
- 47% leadership attrition can be expected within the three years following a merger
- 14% drop in employee satisfaction can be expected immediately after a merger

Indeed, a close look at hundreds of deals made in the early- to mid-1990s led *Business Week* to conclude that even those deals that were several years old hadn't begun to work. Of 150 deals valued at \$500 million or more, more than half had destroyed shareholder value, and 30 percent contributed only marginal improvements.<sup>2</sup>

Therefore, while companies pursue M&A as a means to achieving growth targets, the reality is that most M&A activity ultimately fails to deliver shareholder value.<sup>3</sup>

### What Are You Doing Wrong?

Much has been written on the challenge of integrating two companies once the merger or acquisition has been completed. Indeed, a recent Frost & Sullivan survey indicated that 50 percent of executives cite internal challenges as the primary reason for M&A failure. Other studies blame poor integration for up to 70 percent of all failed transactions.<sup>4</sup>

An often-overlooked problem, however, is the failure to conduct appropriate upfront market and target research that, if executed properly, lays the foundation for a successful transaction. In spite of the fact that early-stage research and analysis can go a long way toward mitigating the challenges faced during the final stages of M&A, companies continually under-invest in this activity and therefore succumb to the following pitfalls:

#### *Pitfall #1: Your M&A Strategy is Reactive, not Proactive<sup>5</sup>*

It is easy for companies to fall into the trap of pursuing a promising opportunity for superficial reasons – perhaps because competitors are also interested, perhaps because the company has a certain cachet that automatically suggests success. Regardless, the mistake here is that companies should never pursue a target simply because it is available, rather than whittling many opportunities down to a single, best-fit prospect.

#### *Pitfall #2: You Believe What You Want to Believe<sup>6</sup>*

As a company begins pursuing a target, the cost of abandoning the deal becomes ever greater. It is very easy for executives to convince themselves that all due diligence points to success – rather than acknowledging any surfaced warning signs (in spite of the fact that it is far less costly to walk away from a deal during the due diligence phase than to stubbornly see a bad deal through to completion). Put another way, many executives mistakenly suffer from over-confidence, escalating commitment, and an absence of skepticism.

#### *Pitfall #3: You Don't Know Why You're Merging/Acquiring (Not Really)<sup>7</sup>*

Harvard Business Review recently surveyed 250 senior executives who had done major deals and found that more than 40 percent had no "investment thesis" – that is, no projection for how the deal would grow the company. Furthermore, half of those who did have an investment thesis discovered within three years following the deal that the thesis was wrong. Ultimately, less than one in three executives pursued an M&A growth strategy for the right reasons and with the right process in place.

## INTRODUCTION (CONTINUED)

### What Are You Doing Wrong? (Continued)

The following case example illustrates how one company failed to avoid these pitfalls and suffered the consequences:

*Case-in-Point: Rubbermaid's Merger with Newell<sup>8</sup>*

**Situation:** Newell and Rubbermaid sell household products through the same sales channels and see an opportunity to reap significant cost savings by merging operations.

**Action:** Rubbermaid presents Newell with an exclusive opportunity to acquire the company. Convinced of the merit of the opportunity, Newell pursues the \$5.8 billion merger rapidly and without examining other options.

**Result:** Once the deal is complete, the companies realized their operating structures are completely incompatible – leading to unending confusion that prevents rather than accelerates growth. In 2002, Newell writes off \$500 million in goodwill – but not before Newell shareholders lose 50% of the value of their investment and Rubbermaid shareholders lose 35%.

**Key Takeaway:** Do not under-invest in upfront research, analysis, and due diligence, and do not pursue any deal that does not fit squarely into a well-articulated growth strategy. You must know what you're buying before you buy it.

### The Solution

Former head of Lehman Brothers Warren Hellman famously wrote in his book *The Synergy Trap* that, "So many mergers fail to deliver what they promise that there should be a presumption of failure. The burden of proof should be on showing that anything really good is likely to come out of one."<sup>9</sup>

How do you meet that burden of proof? How do you show that anything good is likely to come out of a merger or acquisition? The answer lies in a strong understanding of the desired outcome of M&A – i.e., **smart companies begin with the end in mind.**<sup>10</sup> As illustrated by the Rubbermaid-Newell fiasco, this does not mean considering integration issues once you've already begun or completed negotiations with a target company (and the cost for walking away is so high). It *does* mean carefully vetting all sectors and targets for alignment with strategic objectives – and never letting what you think, or want to think, get in the way of what you *know*.

In sum, smart companies follow a rigorous process for researching markets and identifying targets. They understand the very first steps in the process set the tone for everything to follow and plan accordingly. Importantly, they also understand specifically how the target fits into a larger growth strategy, and they know exactly what they can expect to achieve through the acquisition. The following case example shows how one company successfully pursued M&A with a total commitment to strategic fit:

*Case-in-Point: Kellogg's acquisition of Keebler<sup>11</sup>*

**Situation:** After decades as the market leader in the cereals/breakfast categories, Kellogg's finds itself competing against lower-priced competitors and battling changing consumer behavior and the increasing irrelevance of breakfast. Between 1996 and 2000, Kellogg's stock price declines by 20 percent.

Recognizing that Kellogg's greatest asset is its brand strength, Kellogg's refuses to engage in a price war and instead builds a strategy based on further cultivation of its brand value. Part of this strategy includes broadening its distribution apparatus – which it believes will be cheaper to buy than build internally.

**Action:** Armed with this strong strategic understanding, Kellogg's conducts extensive market analysis to identify companies with well-aligned distribution networks and ultimately targets Keebler, a company with a highly sophisticated direct-store delivery system. Kellogg's estimates that acquiring Keebler's distribution system will add one to two points to its top-line growth.

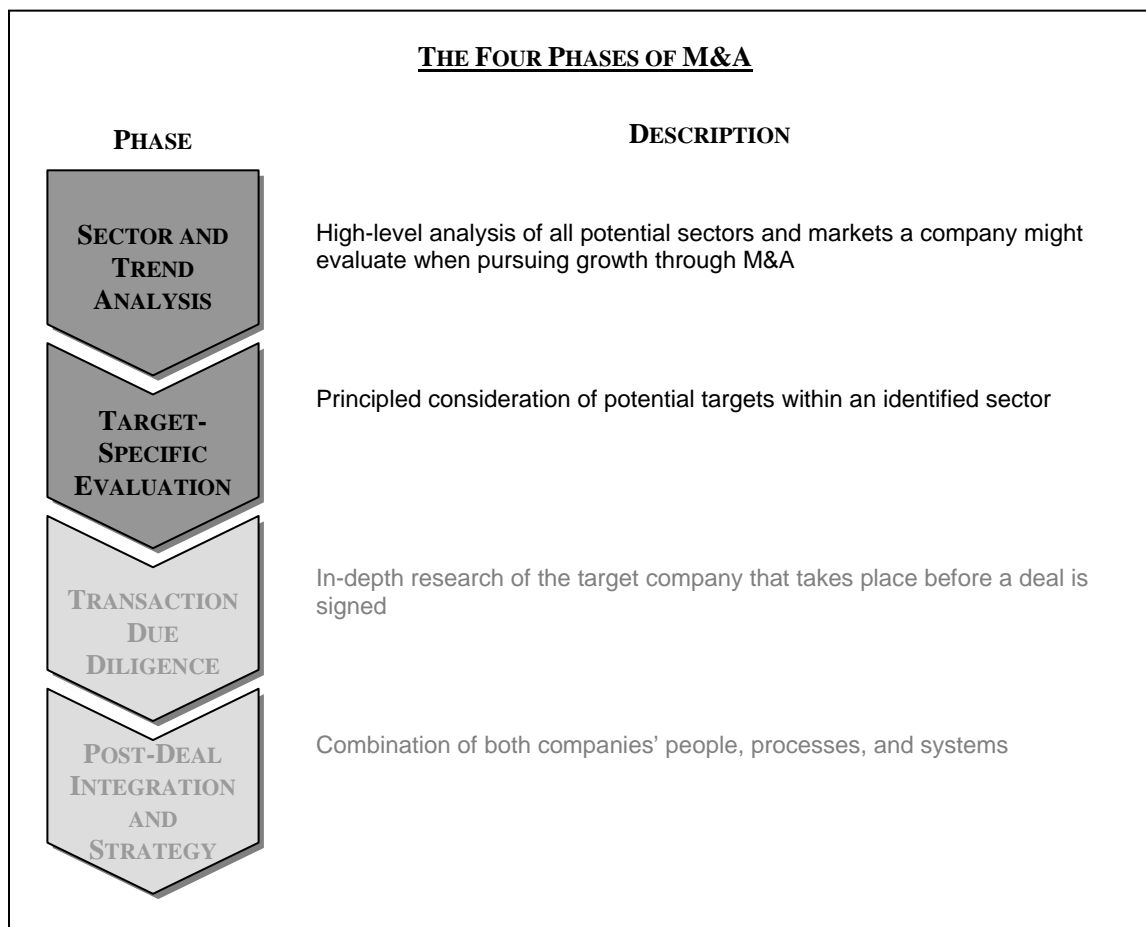
**Result:** Following the Keebler merger, Kellogg's revenues rise 43 percent between 1999 and 2003 and operating income nearly doubles.

**Key Takeaway:** Don't pursue M&A without clearly defined objectives. M&A should fit within a larger growth context and should always be a means to an end, rather than an end in itself.

**INTRODUCTION (CONTINUED)****How Do You Do It?**

The answer lies in a rigorous process for managing each phase of M&A. Smart companies structure their M&A processes around specific activities that ensure that no corners are cut and all pertinent information is surfaced. This discipline forces them to collect the right information, and the tools they use force them to think about this information objectively.

Frost & Sullivan specifically organizes the M&A process into the following phases:



As suggested by the shading above, this book will focus on the first two phases of M&A: Sector and Trend Analysis and Target-Specific Evaluation. As noted previously, many executives underestimate the importance of these activities and tend to spend less time on upfront research than they should. This book therefore takes a close look at those phases and lists the key activities and tools that will help save time and money down the road. The next page provides greater detail on what this book specifically features.



# HOW TO USE THIS TOOLKIT

Growth Process Toolkit  
*Mergers & Acquisitions*





## HOW TO USE THIS TOOLKIT

### *The Growth Process Toolkit for Mergers & Acquisitions*

**What it is:** On a high level, this toolkit will help you ask the right questions and focus on the right activities throughout the early stages of M&A. If you use this toolkit, you will not be at a loss for how to get started, how to organize your information, or what to do next.

On a more technical level, this growth process toolkit presents Frost & Sullivan's best thinking and work on the early stages of M&A (i.e., Sector and Trend Analysis and Target-Specific Evaluation) in a step-by-step implementation format. This research gives Growth Team Membership (GTM) members proven processes, tools, and templates to help you successfully manage the M&A risks and pitfalls listed on the previous pages.

**How it will help you:** This toolkit will help you and your team execute early-stage M&A activity. While we recognize that Transaction Due Diligence and Post-Deal Integration are critically important phases, we believe that they become infinitely simpler if due attention is paid to the first two phases – phases that, as previously noted, most companies tend to ignore, and as a result we have chosen to focus our efforts on this area.

**How to use it:** This book is divided into two sections: Sector and Trend Analysis, and Target-Specific Evaluation. Within each section, we have outlined a variety of activities that you should complete. For each of those activities, we will provide you the tools, templates, scorecards, or checklists that you need to complete that activity to a Frost & Sullivan standard. You can read this book cover-to-cover, or you can reference the clickable table of contents to access specific sections.

Be on the look-out for various reminders throughout this book. We will alert you at key stages when you should involve certain stakeholders, or when it might be a good idea to leverage additional GTM resources to help you with certain activities.

We encourage you to bookmark this toolkit, save particularly helpful tools to your desktop, and share it with your colleagues. We also encourage you to contact your Account Executive if, at any point in your analysis, you require assistance.

### *The Growth Process Toolkit's Key Terms and Definitions*

For full clarity, the table below lists Frost & Sullivan's definitions for several terms used frequently throughout this toolkit.

#### Key Terms and Definitions

Term	Definition	Example
<b>Market</b>	A geographic region considered as a place for sales	U.S. Market
<b>Sector</b>	A distinct subset of a market; can also be a subset of an industry	U.S. Airline Sector (subset of the U.S. Market and of the global airline industry)
<b>Segment</b>	A distinct subset of a sector	Commercial Airlines
<b>Target</b>	A company under evaluation M&A by an acquiring organisation	Southwest Airlines

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# WRITING THE GOAL STATEMENT

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## WRITING THE GOAL STATEMENT

As noted previously, a recent study of senior executives who had done major deals revealed an alarming lack of focus: more than 40 percent had not articulated a specific reason for accelerating growth through M&A.

As a result, the first step in this toolkit – a precursor to all the activities that follow – is to use the template below to state outright your goals for pursuing M&A. This tool should help you ensure the following:

- *Agreement between you and your colleagues* – While you and your peers may believe you are on the same page about strategy and execution, this perception may in reality be off-base. Consensus on goals and expectations at the outset of any activity is a good idea – but even more so when navigating waters as complex and risky as M&A.
- *Exclusive focus on options that align with the stated purpose* – A singular focus on strategic fit will greatly reduce the likelihood of going down a wrong path or making a costly mistake. Shared commitment to the Goal Statement will prevent team-members from reactively pursuing opportunities that, while appealing, do not align with your organisation's growth strategy.

Think of this as a living document – something that you can revisit over the duration of a project to refocus team members on shared objectives, or even make adjustments as necessary. [Click here to download.](#)

COMPANY NAME

### GOAL STATEMENT: TEMPLATE

#### Description: What is the purpose of this merger or acquisition?

*Hint: Do you want to gain new capabilities or access to new markets, pursue new innovation opportunities, increase top-line growth, or something else?*

*(a) What purpose will M&A serve within our larger growth strategy?*

*(b) Which specific sectors do we want to investigate? Why?*

#### Measurement: How will we determine success?

*(a) Short-Term: How much time do we have to demonstrate the value of the merger or acquisition to shareholders? What metrics can we realistically influence during this time?*

*(b) Long-Term: What signs of success would we expect 3 to 5 years following the deal? How can we quantify these expectations?*

#### Importance: How essential is this deal to the organization's future growth potential?

*Hint: Do you need to keep pace with competition, jump-start stalled growth, or something else?*

*(a) What are we specifically buying that is so integral to the success of our growth strategy?*

*(b) Can our company achieve the desired growth objectives without pursuing M&A? If 'yes', then why is M&A still our best bet? What are alternative options?*

#### Buy-In: Who has contributed to and/or approved this statement? Who still needs to sign off?

*(a) What are plans for ensuring that signoff occurs?*

*(b) How will we modify our goal statement if we receive push-back from key stakeholders? On which points are we willing to budge, and on which must we hold firm?*

**Reminder! This is a consensus-building tool, so be sure to involve as many stakeholders as you can in this exercise.**



# PHASE 1: SECTOR OR TREND ANALYSIS

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## PHASE 1: SECTOR OR TREND ANALYSIS

The table below lists the key objectives, activities, and output associated with each step of Phase 1. The pages that follow explore each activity – and its associated tools – in greater depth. This page is also clickable, enabling you to jump to any section directly.

### SECTOR OR TREND ANALYSIS: KEY STEPS, ACTIVITIES, AND TOOLS

Step	I. Market Sector Overview	II. Market Fundamentals Analysis	III. Competitive Analysis	IV. Industry Economic Analysis
Objective	<i>Gain a high-level understanding of all potential sectors</i>	<i>Understand how each sector makes its money and goes to market</i>	<i>Assess competition's strengths and weaknesses</i>	<i>Identify any economic factors that may positively or negatively influence each sector's growth potential</i>
Key Activities	Market Size and Growth Rates Assessment  Geographic Analysis  Analysis of Drivers and Restraints	Customer Research  Value Chain Analysis  Market Conditions Analysis	Competitor Performance Evaluation and Comparison  Intelligence Collection  Potential Partnership Diagnostic	Industry Benchmarking   Market Conditions Overview
Output	Hypothesis for which sectors present the best opportunity and strategic fit	Strong understanding of high-potential sectors' market dynamics	Diagnosis of potential growth or partnership opportunities	Final diagnosis of each sector's strategic fit for M&A

For ease of navigation, the activities and tools featured in this toolkit adhere to the following template:

### Sample Page Layout

The diagram illustrates a sample page layout for a Sector Scorecard, with callouts explaining its components:

- Which step we are currently detailing and which steps are still to come:** Points to the 'Step' column header in the top navigation bar.
- Which activity, and which tool, we are currently detailing:** Points to the 'I. MARKET SECTOR OVERVIEW – ACTIVITY 1: MARKET SIZE AND GROWTH RATES' and 'Tool #2: Sector Scorecard' headers.
- Key points about the tool: what it is and why it's useful:** Points to the 'Overview' section containing 'What is it?' and 'Why should you use it?' text.
- Snapshot of the tool, often with gray-shaded text inserted as an example:** Points to the table titled '(Insert Name) Market: Sector Scorecard (Region), 2008'.
- Helpful tips on completing the tool:** Points to the 'Reminder!' box at the bottom of the page.

**Table Content (Example):**

Sector	2008 Market Size in Value (\$ Mil)	2008-2013 CAGR (%)	Top 10 Companies in Market Share	Sector Consolidation Prospects	Average Company Size (\$ Mil)
<b>(EXAMPLE)</b>					
Sector A	8,930	10.5	54.5	High	113.1
Sector B	1,050	29.3	40.5	Very High	7.9

**Reminder!** Don't reinvent the wheel: Frost & Sullivan has a wealth of resources that can help you fill out this scorecard - at no additional charge to you. Contact your Account Executive for more information.

Step	Market Sector Overview	Market Fundamentals Analysis	Competitive Analysis	Industry Economic Analysis
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## I. MARKET SECTOR OVERVIEW – ACTIVITY 1: MARKET SIZE AND GROWTH RATES

### Tool #1: Sector Opportunity/Fit Matrix

#### Overview

##### What is it?

A visual guide to which sectors represent the best combination of strategic fit with your organization and greatest potential for long-term growth. This tool should help you narrow your search for high-potential sectors right from the start.

##### Why should you use it?

You need to understand your company's position in the market. A visual diagnostic will help you pinpoint specific strengths, and it will also help you define what sort of a company you need to acquire to fill any strategic weaknesses. This tool will help you articulate your current limitations and your goals for a merger or acquisition.

Importantly, you may not have answers to all of the questions the first time you try to complete this exercise – but subsequent tools will help you fill in those gaps. *As a result, you may want to return to this tool over the course of your research.*

### SECTOR OPPORTUNITY-FIT MATRIX

FIT	High		
	Low		
		Low	High
		OPPORTUNITY	

*(Directions listed on the next page)*

Step	Market Sector Overview	Market Fundamentals Analysis	Competitive Analysis	Industry Economic Analysis
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## I. MARKET SECTOR OVERVIEW – ACTIVITY 1: MARKET SIZE AND GROWTH RATES (CONTINUED)

### Tool #1: Sector Opportunity/Fit Matrix (Continued)

#### Directions

1. Plot your own sector and any others under consideration based off responses to the following questions listed below.
2. Rank each response those questions based off a High, Medium, Low scale. Take the average for each and plot on the grid accordingly.

#### Questions

##### A. Opportunity

1. To what degree could new technology influence new growth opportunities in the next 3 to 5 years?
2. To what degree could emerging markets change the sector's landscape in the next 3 to 5 years?
3. What degree of competitive differentiation do you see for your organization in this sector?
4. How stable is this sector (i.e., is there a worrisome instability? Does the sector exhibit instability that is a cause for concern – or perhaps a cause for further consideration?)?
5. To what degree do you predict an unmet customer need in this sector (if you can meet an existing need, you may not need to acquire)?

##### B. Fit

1. To what degree do you see operational synergies between your sector and this one?
2. To what degree does this sector align with your goal statement (i.e., what you hope to buy)?
3. To what degree do this sector's strengths complement your company's limitations?
4. How cost-prohibitive would entry into this sector be for your company?



Step	Market Sector Overview	Market Fundamentals Analysis	Competitive Analysis	Industry Economic Analysis
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## I. MARKET SECTOR OVERVIEW – ACTIVITY 1: MARKET SIZE AND GROWTH RATES (CONTINUED)

### Tool #2: Sector Scorecard

#### Overview

##### What is it?

This scorecard will provide you with a relative look at the segments within any of the sectors you are considering for M&A. It will allow you to compare potential opportunity across sectors and identify areas for further investigation.

##### Why should you use it?

You need an unbiased way to make apples-to-apples comparisons across sectors. This scorecard will standardize information collection and help prevent you and your team from making decisions with incomplete information.

### (Insert Name): Sector Scorecard (Region), (Year)

Sector	2008 Market Size in Value (\$ Mil)	2008-2013 CAGR (%)	Top 10 Companies in Market Share	Sector Consolidation Prospects	Average Company Size (\$ Mil)
(EXAMPLE)					
Sector A	8,930	10.5	54.5	High	113.1
Sector B	1,050	29.3	40.5	Very High	7.9

Step	Market Sector Overview	Market Fundamentals Analysis	Competitive Analysis	Industry Economic Analysis
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## I. MARKET SECTOR OVERVIEW – ACTIVITY 2: GEOGRAPHIC ANALYSIS

### Tool #1: Buyer Needs Assessment

#### Overview

##### What is it?

A “geographic goal statement” to guide your thinking on markets in new geographies and help you eliminate sectors that do not fit with your company’s specific geographic needs.

##### Why should you use it?

You need a framework for evaluating sectors based off geography. Some sectors’ geographic component may present growth opportunities, while others may best be avoided, in spite of a geographic advantage. Filtering for these factors now will save you time and money later.

### Buyer Needs Assessment

#### Alignment with Goal Statement

1. Is geographic expansion one of your reasons for pursuing a merger or acquisition?

IF YES:

2. Why are you looking to expand your geographic footprint?

#### Vision: Do we know...

1. What regions we want to expand into?

2. Which ones we’ve ignored or taken off the table?

3. If we want to expand into the entire area, or just specific countries within that region? What are they?

#### Cost: Which regions will...

1. Allow you to reduce operational costs by acquiring more efficient distribution?

2. Be a cost-effective location to offshore and/or outsource labour?

3. Be a cost-effective location to offshore and/or outsource a call centre?

4. Support any other functions at your organization that might benefit from offshoring and/or outsourcing support (and what functions those might be)?

#### Legal: Have you considered...

1. Any regulatory issues that might affect a region’s viability? IF YES – What are they?

2. Any political conditions that might outweigh a region’s noted strengths? IF YES – What are they?

3. Any legal considerations that you should be aware of? IF YES – What are they?

4. Any hiring and retention legislation involving unions, standard work weeks, base pay, etc.?

#### Talent: Which regions...

1. Have the deepest talent pools?

2. Might give us access to skill sets that we currently need but lack?

3. Unionize their employees, and which do not?

4. Might help us strike a balance between talent needs and cost considerations?

Step	Market Sector Overview	Market Fundamentals Analysis	Competitive Analysis	Industry Economic Analysis
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## I. MARKET SECTOR OVERVIEW – ACTIVITY 2: GEOGRAPHIC ANALYSIS (CONTINUED)

### Tool #2: Country Evaluation Exercise

#### Overview

##### What is it?

A weighted scorecard that helps you: (1) articulate and prioritize compatibility requirements for any country you are considering entering, and (2) evaluate each country according to those criteria.

##### Why should you use it?

You cannot overlook a country's fit. Indeed, a study of 190 CEOs, CFOs, and other top executives experienced in global acquisitions found that cultural incompatibility is consistently listed as the greatest barrier to successful integration – but that research on culture is typically overlooked.<sup>12</sup>

### Country Evaluation Exercise<sup>13</sup>

Country:

Region:

Sector:

Note: These scores are for demonstration purposes only.

Key Criteria	Weight ●	Yes	No	Unknown	Score
Within (Country), (sector's) current size and growth rate exceeds (X)	5			X	0
Number of competitors currently operating in this country ranges from (X) to (Y)	5	X			5
Market is/is not heavily consolidated or in the process of consolidating	6	X			6
Barriers to entry are low	8		X		0
Post-deal workforce reduction would be feasible	6			X	0
Regulatory accommodations would not have a significant effect on our operating efficiency	10	X			10
Our company is prepared to handle translation requirements with minimal additional investment	4			X	0
Cultural adaptation (e.g., changes to go-to-market strategy) is not required/is not cost-intensive	4	X			4
Local employment regulations are loose	8		X		0
Either: A large customer base currently exists; OR: It is not cost-prohibitive to generate demand for our product/service in (Country)	10		X		0
Either: Brand recognition is strong; OR: Strong brand recognition is not necessary/relevant	4	X			4
(Country) has adequate physical infrastructure (e.g., ports, railways, electricity, telecommunications)	10		X		0
Country has a favorable ranking in Transparency International's annual index	10			X	0
The political environment is stable	10	X			10
<b>Total</b>	<b>100</b>	<b># YES RESPONSES: 6</b> <b>#NO RESPONSES: 4</b> <b># UNKNOWN RESPONSES: 4</b> <b>COUNTRY COMPATIBILITY SCORE:</b> <b>39% (39 out of 100 possible points)</b>			

(Directions listed on the next page)

Step	Market Sector Overview	Market Fundamentals Analysis	Competitive Analysis	Industry Economic Analysis
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## I. MARKET SECTOR OVERVIEW – ACTIVITY 2: GEOGRAPHIC ANALYSIS (CONTINUED)

### Tool #2: Country Evaluation Exercise (Continued)

#### Directions

1. List out all geographic criteria that your organization deems as crucial to the success of geographic expansion through M&A. This should be an interactive exercise and help ensure consensus on goals for geographic expansion.
2. Weight these criteria on a scale of 1 to 10, assigning points values that total 100. The higher the score, the greater the weighting.
3. Check “yes”, “no”, or “unknown” for each attribute.
4. In the scoring column, assign the number of weighted points for a “yes” response and 0 points for a “no” or “unknown” response (e.g., if a criterion is worth 5 points and the country meets the criterion, you would check the “yes” box and then place a 5 in the “score” column).
5. Final score equals the total value of “yes” responses.
6. Anything you score as “unknown” should be revisited – by the time you are finished filling out this scorecard for each country under consideration, you should have no “unknowns” left.
7. You will need to determine a minimum percentage of accountability for a country to still meet your criteria (e.g., anything scoring less than 75% - 75 out of 100 total possible points – does not qualify for further exploration). For any score that comes in under this amount, you will need to either remove that country from consideration or conduct additional due diligence to fill in unknown area (since an “unknown” can become a “yes”, thereby improving a country’s total score).

**Remember:** In addition to assessing countries’ potential, this exercise can also help you evaluate regions, cities, or provinces. You and the growth team should consider this a framework for any market entry decisions you need to make – even for those that don’t specifically involve M&A.



Step	Market Sector Overview	Market Fundamentals Analysis	Competitive Analysis	Industry Economic Analysis
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## I. MARKET SECTOR OVERVIEW – ACTIVITY 3: ANALYSIS OF DRIVERS AND RESTRAINTS

### Tool #1: Drivers and Restraints Worksheet

Overview
<p><b>What is it?</b> A list of questions to help you consider all factors affecting growth in a given sector (both positively and negatively). You can use this tool to structure your market evaluations and establish a baseline comparison between all sectors.</p> <p><b>Why should you use it?</b> You need to know whether a given sector's growth potential aligns with your goal statement and your projected needs for a merger or acquisition. By identifying all drivers and restraints, you can make an informed decision about the potential of each sector. Standardizing your information collection will also help you compare all potential sectors fairly and against the same criteria.</p>

**Step One:** Fill out the worksheet below for each sector under consideration.

### ANALYSIS OF SECTOR-SPECIFIC DRIVERS AND RESTRAINTS: WORKSHEET

1. Drivers		
Question	Hint	Potential Sources
What are the specific drivers affecting the market and causing it to grow?	Regulatory issues; vertical markets	Frost & Sullivan research; industry-specific periodicals; trade associations
What do you predict will drive sales in two years?	New markets; new technologies	
What changes are you witnessing in customers' demands?	Changes to purchasing cycle; price sensitivity	
How has distribution changed over the past two or three years?	Emergence of new distribution networks	
2. Restraints		
Question	Hint	Potential Sources
What is holding back sales or preventing the sector from growing?	Economic uncertainty; saturated market	Frost & Sullivan research; industry-specific periodicals; trade associations
What industry changes have prevented customers from purchasing key products or services?	Price sensitivity; changing consumer behavior	
What industry-wide factors are limiting growth potential?	Poor distribution network; high manufacturing costs	
Are there any company-specific inhibitors that cannot be explained by sector-wide circumstances?	Organisational barriers; talent turnover	

*(Worksheet continued on the next page)*

Step	Market Sector Overview	Market Fundamentals Analysis	Competitive Analysis	Industry Economic Analysis
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## I. MARKET SECTOR OVERVIEW – ACTIVITY 3: ANALYSIS OF DRIVERS AND RESTRAINTS (CONTINUED)

### Tool #1: Drivers and Restraints Worksheet (Continued)

**Step Two:** List each driver and restraint you have identified through your completion of the worksheet on the previous page. Next, estimate the potential impact that each driver and restraint might have on that sector's potential for growth over the next 7 years.

### ANALYSIS OF SECTOR-SPECIFIC DRIVERS AND RESTRAINTS: SCORECARD

Sample: Airline Sector (Ranked in Order of Impact)

Rank	Driver	1-2 years	3-4 years	5-7 years
1	Emerging low-cost carriers in the Asia-Pacific region	High	High	High
2	Easing of regulations such as open-sky policies	High	Medium	Medium
3	Improvement in the Russian aviation industry	High	Medium	Medium/Low
Rank	Restraint	1-2 years	3-4 years	5-7 years
1	Rising fuel prices	High	High	High
2	Shortage of pilots	High	High	High
3	Shortage of skilled labour	High	High	Medium

Reminder! You should consider this exercise highly interactive and invite your peers in Sales, Marketing, R&D and Corporate Development to contribute unique insights and perspectives.

Step	Market Sector Overview	Market Fundamentals Analysis	Competitive Analysis	Industry Economic Analysis
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## II. MARKET FUNDAMENTALS ANALYSIS – ACTIVITY 1: CUSTOMER RESEARCH

### Tool #1: Customer Loyalty/Profitability Matrix

#### Overview

##### What is it?

A matrix to help you map your company's customer base – by segment – on a scale of profitability and loyalty. This tool will help you identify which segments present the greatest opportunities for growth.

##### Why should you use it?

To help you assess your company's performance in serving each segment within your customer base. This assessment will help you identify underserved segments with high potential for future profitability or loyalty. Ideally, you can build your M&A strategy around acquiring the capabilities that will help you serve those segments better in the future.

### CUSTOMER LOYALTY/PROFITABILITY MATRIX

PROFITABILITY	High	<b>At Risk</b> Highly profitable but disloyal customers present an opportunity and a threat. Invest in these segments before your competitors do.	<b>Star</b> Highly profitable and loyal customers are the foundation of your business. Don't make any strategic moves that could negatively affect your relationships with these segments.
	Low	<b>Low Priority</b> An investment in loyalty will likely not bring about an increase in profitability (since the cost to serve will increase).	<b>Build Up</b> If you can find a lower-cost way of meeting these customers' expectations, you may be able to move these segments to "star" status.
		Low	High
		LOYALTY*	

#### \*A Note on Customer Loyalty

Frost & Sullivan defines customer loyalty as the result of meeting or exceeding customer expectations. There are numerous ways to calculate customer loyalty, but the Frost & Sullivan approach specifically focuses on:

- The elements which make customers stay or switch
- Customer expectations
- Company performance assessment
- Customer's value to the business

*(Directions listed on the next page)*

Step	Market Sector Overview	Market Fundamentals Analysis	Competitive Analysis	Industry Economic Analysis
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## II. MARKET FUNDAMENTALS ANALYSIS – ACTIVITY 1: CUSTOMER RESEARCH (CONTINUED)

### Tool #1: Customer Loyalty/Profitability Matrix (Continued)

#### Directions

1. Plot each segment within your customer base according to responses to the questions listed below.
2. Rank each response those questions based on a High, Medium, Low scale. Take the average for each and plot on the grid accordingly.

#### Questions

##### A. Loyalty

1. To what degree does this segment consist of repeat customers?
2. To what degree do we understand that which affects customer retention and/or customer expectations in this segment?
3. What success do we have acting on retention-drivers for this segment?
4. To what extent are we viewed as a commodity good/service provider, rather than as a solution provider, by our customers?

##### B. Profitability

1. How favorable is the average margin on a sale within this segment? Consider the following:
  - a. What is the average cost of acquiring a new customer within this segment?
  - b. What is the average cost of losing a customer within this segment?
  - c. How time-intensive is it for reps to cultivate and successfully close a sale?
  - d. To what degree does price sensitivity govern purchase decisions in this segment?
  - e. How high is the cost to serve within this segment?



Step	Market Sector Overview	Market Fundamentals Analysis	Competitive Analysis	Industry Economic Analysis
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## II MARKET FUNDAMENTALS ANALYSIS – ACTIVITY 1: CUSTOMER RESEARCH (CONTINUED)

### Tool #2: Purchase Influence Association Matrix

#### Overview

##### What is it?

A visual guide to buyer behavior within specific segments; it specifically illustrates how key factors might influence a purchase decision. This tool could be particularly informative if applied to the segments you pinpointed for further investment with the [loyalty/profitability matrix](#).

##### Why should you use it?

It will help you identify not only what may influence a customer segment's purchase decision, but which capabilities would enable you to take advantage of those influences. If you can identify those capability gaps, you will have a firm sense for which new capabilities would best serve your company and your high-value segments through a merger or acquisition.

### PURCHASE INFLUENCE ASSOCIATION MATRIX (Sample)

Correlate purchase influencers to identify potential synergies	Manufacturer Reputation	Tested & Proven Technology	New & Sophisticated Technology	Enhanced Daily Driving Experience	Automated Driver Responses
Manufacturer Reputation	N/A	-	-	-	-
Tested & Proven Technology	<u>.583</u>	N/A	-	-	-
New & Sophisticated Technology	.403	.345	N/A	-	-
Enhanced Daily Driving Experience	.367	.369	<u>.582</u>	N/A	-
Automated Driver Responses	.356	.269	<u>.586</u>	<u>.554</u>	N/A

#### Sample Conclusion

After (a) collecting data on the top five purchase influencers within a key customer segment and (b) running a regression to identify correlations between features, this company determined that the best way to influence purchase is to either a) emphasize the validity of the manufacturer reputation, or b) emphasize the sophistication of the technology and how it automates driver responses and enhances daily driving.

*(Directions listed on the next page)*

Step	Market Sector Overview	Market Fundamentals Analysis	Competitive Analysis	Industry Economic Analysis
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## II MARKET FUNDAMENTALS ANALYSIS – ACTIVITY 1: CUSTOMER RESEARCH (CONTINUED)

### Tool #2: Purchase Influence Association Matrix (Continued)

#### Directions

1. List five key purchase influencers for your highest-value segment.
2. Write these influencers along the x- and y- axis on the grid template (the objective is to look for correlations between these influencers).
3. Collect data on each of the selected drivers (Market Research will likely have collected this information as part of its ongoing customer research efforts; your market research team may also be able to help you identify your top influencers).
4. Using this data, run a regression.
5. List correlations ( $R^2$ ) between influencers in the grid (e.g., how strongly “manufacturer reputation” explains “proven & tested technology”).

Step	Market Sector Overview	Market Fundamentals Analysis	Competitive Analysis	Industry Economic Analysis
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## II MARKET FUNDAMENTALS ANALYSIS – ACTIVITY 2: VALUE CHAIN ANALYSIS

### Tool #1: Industry Value Chain Presentation Template

#### Overview

##### What is it?

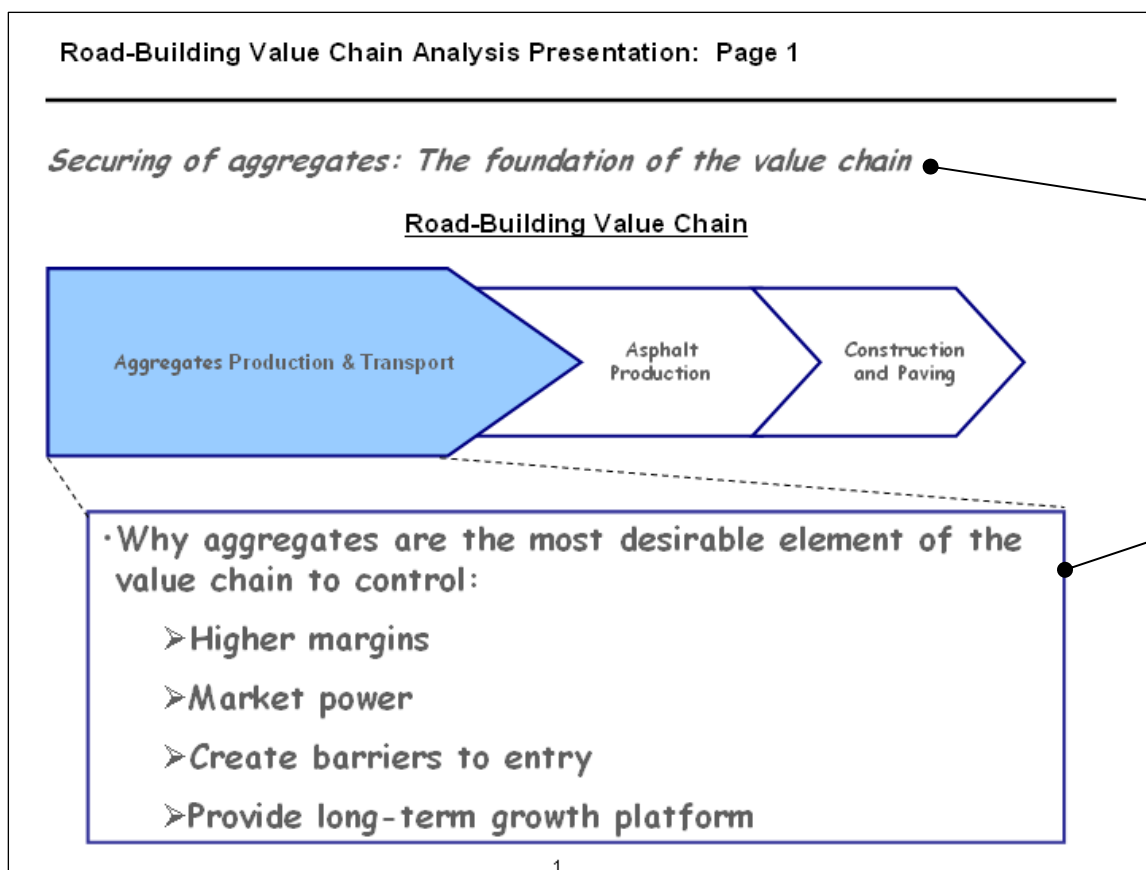
A template that can help you present the value chain of each sector that you are considering entering through M&A. The simple format will make it easy for you and your team to understand which elements of production add the most value to a product or service.

##### Why should you use it?

You need to consider the highest-value components of each sector's value chain, and evaluate your company's current performance and limitations in those areas. A high-value area with little current involvement is a prime area to explore further through M&A.

### Value Chain Presentation: Sample

An overview of the value chain presentation (completed as a sample) is featured below. You can click here to download the template for your own use.



Explain what you believe to be the most critical part of the value chain.

Explain why this is the most critical part of the value chain.

(Continued on the next page)

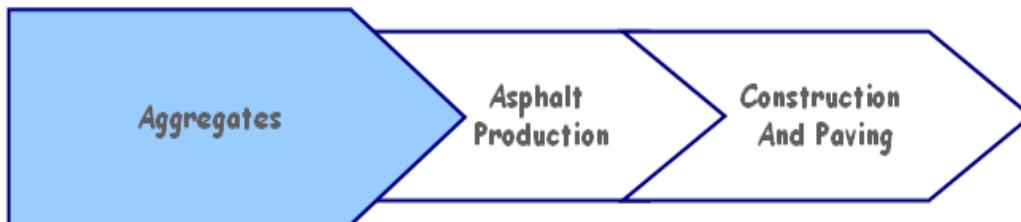
Step	Market Sector Overview	Market Fundamentals Analysis	Competitive Analysis	Industry Economic Analysis
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## II MARKET FUNDAMENTALS ANALYSIS – ACTIVITY 2: VALUE CHAIN ANALYSIS (CONTINUED)

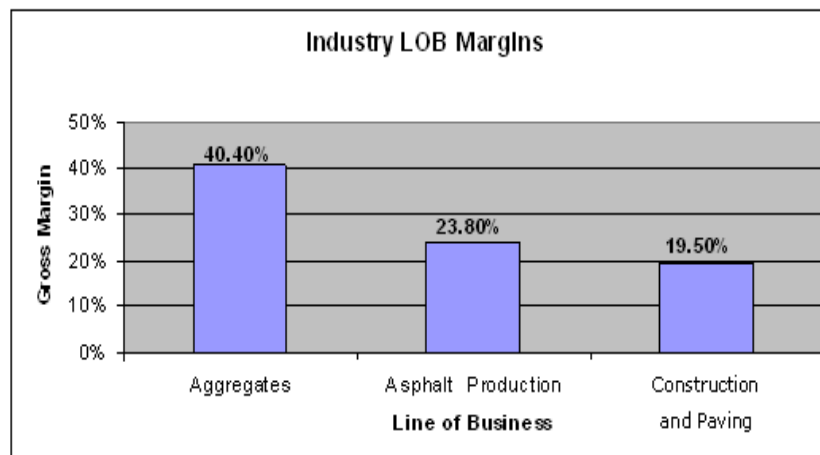
### Tool #1: Industry Value Chain Presentation Template (Continued)

#### Road-Building Value Chain Analysis Presentation: Page 2

*Aggregates have the highest margins in the road-building value chain*



#### Value Assigned to these Construction Industry Activities



Insert data supporting your assessment outlined on page 1.

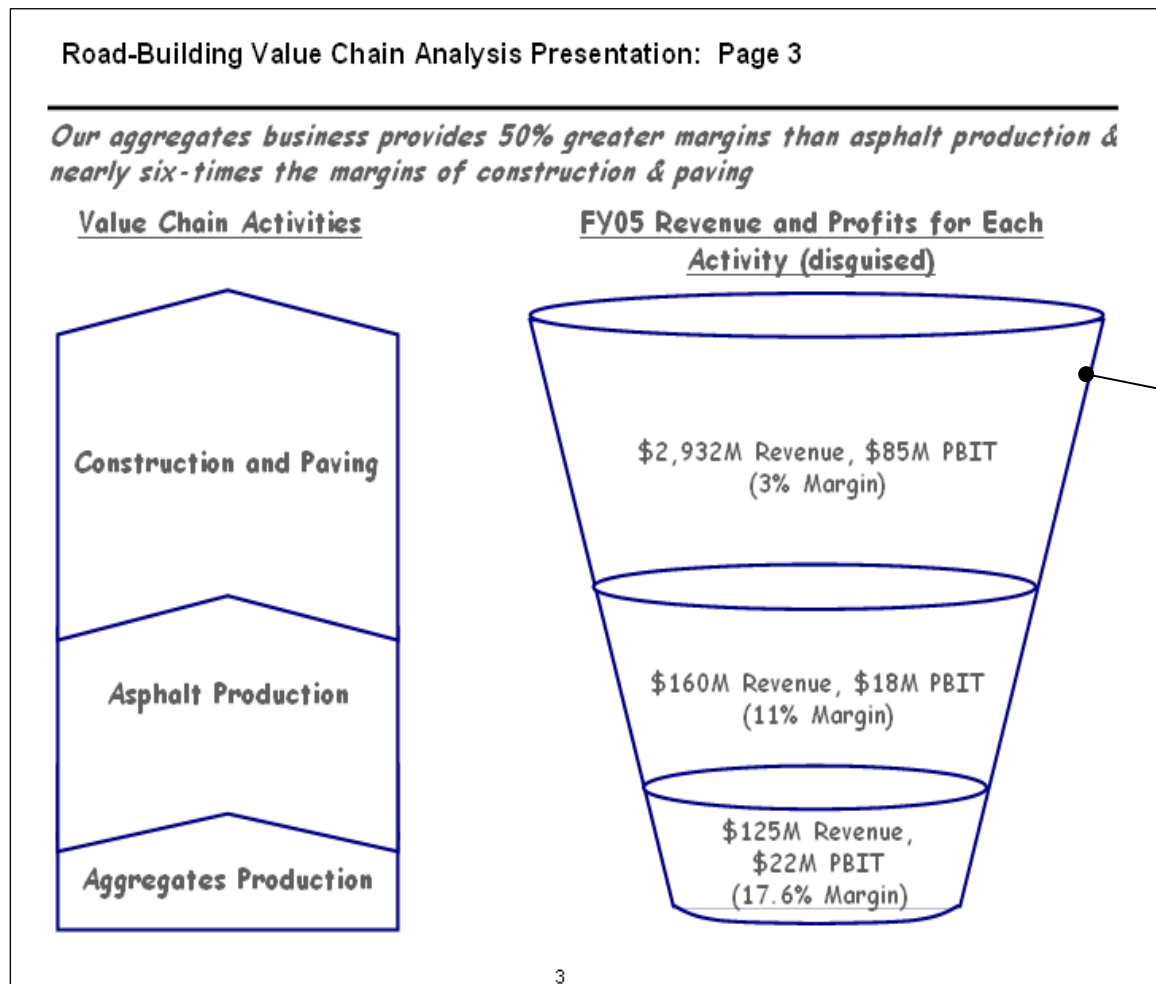
*(Continued on the next page)*

Step	Market Sector Overview	Market Fundamentals Analysis	Competitive Analysis	Industry Economic Analysis
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## II MARKET FUNDAMENTALS ANALYSIS – ACTIVITY 2: VALUE CHAIN ANALYSIS (CONTINUED)

### Tool #1: Industry Value Chain Presentation Template (Continued)

#### Value Chain Presentation: Sample



List how your company currently performs (if at all) within this highest-value area.

(Continued on the next page)



Step	Market Sector Overview	Market Fundamentals Analysis	Competitive Analysis	Industry Economic Analysis
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## II MARKET FUNDAMENTALS ANALYSIS – ACTIVITY 2: VALUE CHAIN ANALYSIS (CONTINUED)

### Tool #1: Industry Value Chain Presentation Template (Continued)

#### Value Chain Presentation: Sample

Road-Building Value Chain Analysis Presentation: Page 4

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*Securing aggregates positions = market power*

- Aggregates is an oligopoly business - a few players with significant influence over the market
  - In the geographies where we operate, there is an average of XX quarries to YY asphalt plants
- If you are one of those players, you derive the following advantages:
  - Benefit from stable & profitable market dynamics
  - Gain operational efficiencies in asphalt production
  - Avoid supplier holdup
  - Achieve lower cost basis for asphalt, concrete & construction bids

4

State the opportunity.

Explain why (or why not) your company should pursue growth opportunities through this part of the value chain.

Step	Market Sector Overview	Market Fundamentals Analysis	Competitive Analysis	Industry Economic Analysis
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## II MARKET FUNDAMENTALS ANALYSIS – ACTIVITY 3: MARKET CONDITIONS ANALYSIS

### Tool #1: [Market Engineering Measurements Worksheet](#)

#### Overview

##### What is it?

A tool to help you consolidate all of your market information in one place and present it in an easy-to-use format that you can share with your peers.

##### Why should you use it?

You need to present your findings in a compelling, straightforward way. This Excel sheet will help you easily turn a table of data into a series of easy-to-follow charts and graphs. If you're preparing for a presentation, this tool would be useful.

#### Market Engineering Measurements Worksheet: Market Name (Sample)

CATEGORY	MEASUREMENT	TREND
Market Stage	High Growth	--
Revenues (Year)	\$114 million	Increasing
Potential Revenues (Year)	\$692.6 million	--
Base Year Revenue Growth Rate (Year)	24.4%	Decreasing
Forecast Period Unit Growth Rate (CAGR)	26.6%	--
Average Product Price	\$31,420	Increasing
Price Range	\$20,000 - \$1,000,000	--
Customer Price Sensitivity	Medium	Increasing
Number of Competitors (active market competitors in base year)	25+	Stable
Companies entering the market (Year)	3	Increasing
Companies exiting the market (Year)	3	Increasing
Degree of Competition (e.g., new market entrants, established players, barriers to entry)	High	Stable
Degree of Technical Change	High	Stable
Customer Satisfaction	Medium	Increasing
Customer Loyalty	Medium	Increasing
Market Concentration (percent of base year market controlled by top 3 competitors)	59.0%	Decreasing
Average Multiple Paid for Companies in this Market	\$75 million	Increasing
Average Long-Term Debt Load	\$15 million	Stable
Average Short-Term Debt Load	\$7 million	Stable

Step	Market Sector Overview	Market Fundamentals Analysis	Competitive Analysis	Industry Economic Analysis
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### III. COMPETITIVE ANALYSIS – ACTIVITY 1: COMPETITOR PERFORMANCE EVALUATION AND COMPARISON

#### Tool #1: Competitive Concentration Matrix

##### Overview

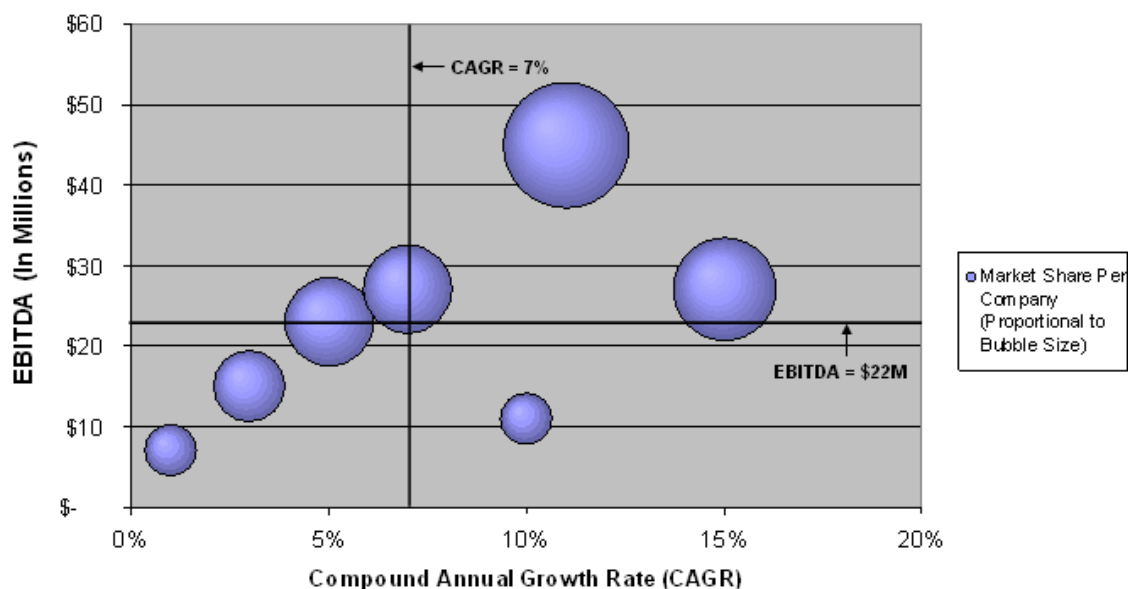
##### What is it?

A visual aid to help you consider all competitors relative to your organization and to one another. It specifically illustrates how competitors compare to your organization in terms of CAGR, net margin, and market share. The size of the bubble represents the market share of the competitor.

##### Why should you use it?

You need a frame of reference for the competitive landscape of any sector you are considering for M&A activity. Whether you are assessing market saturation or considering potential acquisition targets, this tool will guide your strategic thinking and make the information accessible to your peers.

#### Competitive Analysis (Sample)



##### User Guide

1. Identify top competitors within each sector you are evaluating (you will complete this chart for each sector separately).
2. Collect data for each competitor: CAGR, earnings before interest, taxes, depreciation, and amortization (EBITDA), and market share.
3. Input that data into the template and the bubbles will automatically populate. The average lines will also automatically populate and will help you evaluate each competitor's performance.

Reminder! Insert your own company's data into this chart as well – otherwise you won't have a frame of reference for evaluating your competitors.

Step	Market Sector Overview	Market Fundamentals Analysis	Competitive Analysis	Industry Economic Analysis
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### III. COMPETITIVE ANALYSIS – ACTIVITY 2: INTELLIGENCE COLLECTION

#### Tool #1: Competitive Landscape, Factors, and Market Share Worksheet

Overview
<p><b>What is it?</b> An information-collection tool that consolidates all of your competitive intelligence in a single place. Completing this exercise for each sector will help you standardize data collection, and will also help you share your findings easily with your colleagues.</p> <p><b>Why should you use it?</b> Structuring your competitive intelligence collection will ensure you leave no stone unturned in your due diligence. This worksheet, combined with the <a href="#">Competitive Concentration Matrix</a>, should drive understanding of competitive dynamics and your organization's role within it.</p>

#### Competitive Landscape, Factors, and Market Share Worksheet: [SECTOR] (Sample)

Category	Status
Number of Competitors in the Market	More than 25
Types of Competitors	Large, multinational software vendors Network security vendors
Distribution Structure	Direct
Tiers of Competition	<p><b>Tier 1:</b> Cisco Systems is the market leader, but Juniper Networks and Symantec have also recently leveraged their presence in other markets to penetrate the NAC market as well.</p> <p><b>Tier 2:</b> ForeScout, Mirage Networks, and Still Secure have shown significant growth; Nortel and McAfee are coming on strong too.</p> <p><b>Tier 3:</b> All others holding 26% of the market</p>
Notable Acquisitions, Mergers	Novell acquired Senforce Sophos acquired ENDFORCE
Key End User Groups	Large-scale network operations Large education, government, financial, and healthcare organisations Medium-sized enterprises
Competitive Factors	Assessment/authorization methodologies Enforcement/remediation methodologies Standards compatibility Price
Acquisition Financing Sources	Venture capitalists, commercial banks
Multiples Paid	On average, 1.94 times equity (20% down from previous year)
Success of Past Acquisitions	X% exhibited above X% top-line growth within 3 years following the acquisition

Step	Market Sector Overview	Market Fundamentals Analysis	Competitive Analysis	Industry Economic Analysis
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### III. COMPETITIVE ANALYSIS – ACTIVITY 3: POTENTIAL PARTNERSHIP DIAGNOSTIC

#### Tool #1: Competitor Compatibility Scorecard

Overview
<p><b>What is it?</b> A weighted scorecard that helps you: (1) articulate and prioritize compatibility requirements for any competitor acquisition, and (2) evaluate each competitor acquisition target according to those parameters.</p> <p><b>Why should you use it?</b> You need to evaluate the qualitative elements of any potential target and consider how those elements might affect a target's strategic fit. This upfront effort will enable you to spot promising opportunities early – and minimize the penalty for walking away from less promising deals.</p>

Note: These scores are for demonstration purposes only.

#### COMPETITOR COMPATIBILITY: WEIGHTED SCORECARD (SAMPLE)

Ideal Attributes	Weight ●	Yes	No	Unknown	Score
CRM system compatible	6			X	0
Located within 100 miles of our headquarters	10	X			10
Distribution network in currently underserved markets	10	X			10
Target is less than half our size	8		X		0
Growth targets are similar in scope to our own	8			X	0
Company is privately held	10	X			10
Management team is united around a common vision	4			X	0
Management team is highly centralized	8	X			8
Track record of strong customer service	6		X		0
Potential synergies with our own product line	10		X		0
Employees are accustomed to a meritocratic environment	4			X	0
Brand values align with our own	6	X			6
Low staff turnover	12			X	0
<b>Total</b>	<b>100</b>	# YES RESPONSES: 5 #NO RESPONSES: 3 # UNKNOWN RESPONSES: 5 <b>COMPETITOR COMPATIBILITY SCORE: 44%</b> (44 out of 100 possible points)			

*(Directions listed on the next page)*



Step	Market Sector Overview	Market Fundamentals Analysis	Competitive Analysis	Industry Economic Analysis
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### III. COMPETITIVE ANALYSIS – ACTIVITY 3: POTENTIAL PARTNERSHIP DIAGNOSTIC (CONTINUED)

#### Tool #1: Competitor Compatibility Scorecard (Continued)

##### Directions

1. List out all competitor criteria that your organization deems as crucial to the success of a merger or acquisition.
2. Weight these criteria on a scale of 1 to 10, assigning points values that total 100. The higher the score, the greater the weighting.
3. Check “yes”, “no”, or “unknown” for each attribute.
4. In the scoring column, assign the number of weighted points for a “yes” response and 0 points for a “no” or “unknown” response (e.g., if a criterion is worth 5 points and the country meets the criterion, you would check the “yes” box and then place a 5 in the “score” column).
5. Final score equals the total value of “yes” responses.
6. Anything you score as “unknown” should be revisited – by the time you are finished filling out this scorecard for each country under consideration, you should have no “unknowns” left.
7. You will need to determine a minimum percentage of accountability for a competitor to still meet your criteria (e.g., anything scoring less than 75% - 75 out of 100 total possible points – does not qualify for further exploration). For any score that comes in under this amount, you will need to either remove that competitor from consideration or conduct additional due diligence to fill in unknown area (since an “unknown” can become a “yes”, thereby improving a total score).

Reminder! This scorecard serves dual purposes. First, listing out ideal candidate attributes (without considering any single candidate specifically) helps you determine at the outset what sort of competitive merger or acquisition will benefit your organization the most. Second, filling in the scorecard for each potential target will help you evaluate all targets fairly, collect the most relevant information about each candidate, and make informed decisions regarding each target.

On a final note, this scorecard is highly subjective – and for a good reason. Identifying your top attributes for an ideal acquisition candidate – and weighting them according to importance – will force alignment between all members of the growth team, and a shared commitment to the objectives outlined in the goal statement.

Step	Market Sector Overview	Market Fundamentals Analysis	Competitive Analysis	Industry Economic Analysis
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#### IV. INDUSTRY ECONOMIC ANALYSIS- ACTIVITY 1: INDUSTRY BENCHMARKING

##### Tool #1: Investment Themes Worksheet

Overview
<p><b>What is it?</b> A framework to help you analyse the impact of <b>any particular market driver</b>. This chart will help you organize your assessment of who may benefit from a market driver, how, and why.</p> <p><b>Why should you use it?</b> You need to consider the potential market alterations that any driver could bring about. If a sector stands to grow in a direction that's well-aligned with your organization, M&amp;A may be a particularly viable growth strategy for you. Conversely, if investment themes suggest the sector is moving in a direction that aligns poorly with your goal statement, anticipation of that shift will help you avoid a potentially costly misstep.</p>

##### Investment Themes Worksheet (Sample: U.S. Airline Industry)

Complete this worksheet for each sector under consideration.

Theme	Trend	Why Significant	Who Will Benefit (e.g., companies, investors)
<b>Regulatory Issues</b>	Push to reduce the compliance terms of Sarbanes-Oxley Act	May lead to lower market prices and increased M&A activity	Airlines, Customers, Investors
<b>Innovation Outlook</b>	Incorporation of "high style" elements into low-cost carriers (e.g., Japanese StarFlyer)	May require other low-cost carriers to upgrade their in-flight experience	First Movers, Investors
<b>Environmental Considerations</b>	Investments in new technology to offset rising fuel costs	May indicate the beginning of "green" air travel - but improvements in fuel efficiency may be offset by more planes in the air	Investors (in new technologies adopted by the airlines)
<b>Geopolitical Situation</b>	Unstable political situations in key oil-producing countries, including Russia, Venezuela, Iraq, and Saudi Arabia	May increase the cost of fuel (or make cost highly variable), leading to cost reductions and higher ticket prices	Oil producers, investors in oil-rich countries
<b>Customer Behavior</b>	Customer willingness to pay a premium for goods/services that meet the perceived value of quality	May present an opportunity for carriers that invest in the customer experience	Any airline that invests in the customer experience in spite of cost restrictions
<b>Economic Conditions</b>	Recent request to suspend regulations affecting flight slots	May reduce fuel/operations costs through reduced delays/time on ground	Airlines

Step	Market Sector Overview	Market Fundamentals Analysis	Competitive Analysis	Industry Economic Analysis
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#### IV. INDUSTRY ECONOMIC ANALYSIS- ACTIVITY 1: INDUSTRY BENCHMARKING (CONTINUED)

##### Tool #2: Industry Financials Collection Checklist

###### Overview

###### What is it?

A standard spreadsheet that allows you to consolidate financial information on each sector you're considering for M&A.

###### Why should you use it?

While this information may not be entirely new to you, placing it all in a shared spreadsheet will ease benchmarking and simplify presentation preparation.

#### Sector Average Financials Collection and Benchmarking

Description	Market Capitalization (\$B)	Price-Equity Ratio	Return on Equity	Return on Assets	Dividend Yield	Long-Term Debt to Equity	Current Ratio	Price to Book Value
Your Company Data	Data	Data	Data	Data	Data	Data	Data	Data
Sector 1	Data	Data	Data	Data	Data	Data	Data	Data
Sector 2	Data	Data	Data	Data	Data	Data	Data	Data
Sector 3	Data	Data	Data	Data	Data	Data	Data	Data

#### Sector Average Financials Collection and Benchmarking (Continued)

Description	Gross Profit Margin	Operating Profit Margin	Net Profit Margin	SG&A To Sales	Price to Free Cash Flow	R&D to Sales	Capex to Sales	Revenues per Employee	EBITDA
Your Company Data	Data	Data	Data	Data	Data	Data	Data	Data	Data
Sector 1	Data	Data	Data	Data	Data	Data	Data	Data	Data
Sector 2	Data	Data	Data	Data	Data	Data	Data	Data	Data
Sector 3	Data	Data	Data	Data	Data	Data	Data	Data	Data

Step	Market Sector Overview	Market Fundamentals Analysis	Competitive Analysis	Industry Economic Analysis
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#### IV. INDUSTRY ECONOMIC ANALYSIS- ACTIVITY 2: INDUSTRY CONDITIONS OVERVIEW

##### Tool #1: Technological Analysis Guidelines

###### Overview

###### What is it?

A step-by-step process to structure your current technological needs and help you anticipate any emerging technologies that could alter your assessment of a market.

###### Why should you use it?

Because you cannot afford to be caught off-guard by changes in any market you are considering. To the greatest extent possible, you should anticipate these changes and factor them into your market assessments.

**Step One: Current State Worksheet:** Answer these questions for your own company (Internal Assessment) and for each sector under consideration (External Assessment). This evaluation will help you identify any technological gaps within your own organization, as well as opportunities to fill those gaps through M&A.

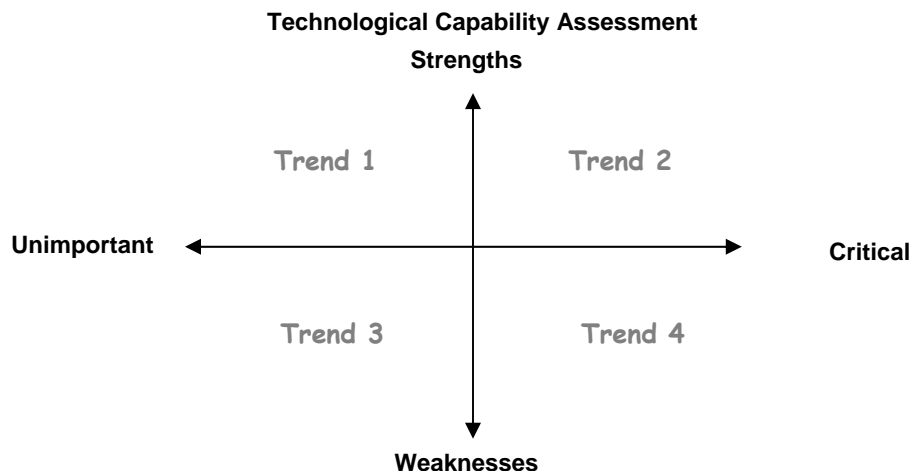
###### A. Internal Assessment

1. How important is R&D to our growth strategy?
2. To what degree is R&D an integral component of our M&A strategy?
3. Based on responses to the above, what do we need, from a technological standpoint, from any company that we would acquire? Pulling back, what should we seek in each sector that we evaluate?

###### B. External Assessment (completed for each sector under consideration)

1. What technologies currently dominate this sector?
2. Are there, today, any emerging technologies that threaten the current technology?
  - a. If yes, does this threat improve the appeal of this sector from an M&A perspective?
  - b. If yes, what specifically might the impact of this emerging technology be on the market?
3. To what degree (ranging from critical to unimportant) does this sector's current technological capability align with our company's stated needs?

**Step Two: Capability Assessment:** Diagram the technological capability of your company and each sector under consideration. The Current State Worksheet from Step One will help you with this exercise (for example, you will evaluate the strength/weakness of a sector's emerging technologies and how critical or unimportant that strength/weakness would be for your organisation).



*(Continued on the next page)*

Step	Market Sector Overview	Market Fundamentals Analysis	Competitive Analysis	Industry Economic Analysis
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#### IV. INDUSTRY ECONOMIC ANALYSIS- ACTIVITY 2: INDUSTRY CONDITIONS OVERVIEW (CONTINUED)

##### Tool #1: Technological Analysis Guidelines (Continued)

**Step Three: Due Diligence Research Checklist:** To anticipate any technological changes over the coming years, you'll want to conduct comprehensive secondary and perhaps even primary research. Outlined below is a research checklist to guide your due diligence.

##### Due Diligence Research Checklist

- ☐ Secondary Research
  - o Academic journals and papers
  - o Conference reports and papers
  - o Customer needs assessments
  - o Tradeshows
- ☐ Patent Searching (i.e., any new patents surfacing around a specific technology)
- ☐ University Studies and Web Sites
- ☐ National Laboratories, Government-Backed Labs, Non-Profit Labs
- ☐ Corporate R&D Investments
  - o 10K
  - o SEC filings
  - o Annual reports
  - o Proprietary databases
  - o Pay-to-play databases
- ☐ Frost & Sullivan's Technical Insights Group

**Step Four: Future State Worksheet:** Answer these questions for your own company (Internal Assessment) and for each sector under consideration (External Assessment).

##### A. Internal Assessment

1. How important may R&D become to our growth strategy 5, 10, and 15 years from now? Why?
2. Should we plan/are we planning for that evolution in our M&A strategy today? Why/why not?

##### B. External Assessment (complete for each sector under consideration)

1. Do we know what technologies may dominate this sector in the next 5, 10 and 15 years?
2. Do we have a plan for anticipating and reacting to these technological changes?
3. To what degree might emerging technologies in this sector create new opportunities or threats for our organization?

*(Continued on the next page)*

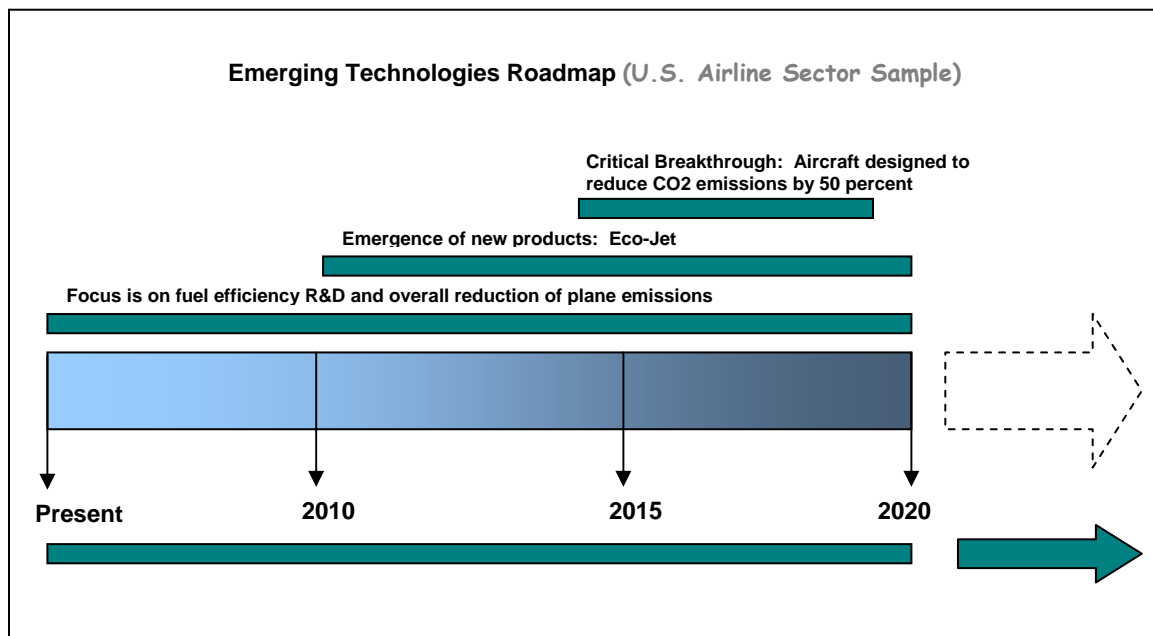


Step	Market Sector Overview	Market Fundamentals Analysis	Competitive Analysis	Industry Economic Analysis
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#### IV. INDUSTRY ECONOMIC ANALYSIS- ACTIVITY 2: INDUSTRY CONDITIONS OVERVIEW (CONTINUED)

##### Tool #1: Technological Analysis Guidelines (Continued)

**Step Five: Emerging Technologies Roadmap:** After completing your research in Step 3 and the worksheet in Step 4, chart your findings on the roadmap featured below. This exercise should help synthesize your research and forecasts into an accessible and easy-to-present format. It should also help you visualize all aspects (both current and future) of any sector you are considering.



Step	Market Sector Overview	Market Fundamentals Analysis	Competitive Analysis	Industry Economic Analysis
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#### IV. INDUSTRY ECONOMIC ANALYSIS- ACTIVITY 2: INDUSTRY CONDITIONS OVERVIEW (CONTINUED)

##### Tool #2: Regulatory Analysis Worksheet

Overview
<p><b>What is it?</b> A tool to help you compare and/or organize regulatory requirements across sectors or geographic regions.</p> <p><b>Why should you use it?</b> While you may collect this information already as part of your standard due diligence, this worksheet serves a dual purpose. First, it clearly organizes all regulatory information for you in a single document. Second, you can use this worksheet as a presentation template should you need to share this information with others.</p>

#### Regulatory Conditions: Worksheet and Presentation Template

Sector/Region	Regulation	Compliance Requirement	Compliance Costs	Compliance Difficulty	Frequency of Changes
Your Company	Which regulations are you currently managing?	Insert details regarding the regulations with which your organization currently complies.			
Sector A	Which regulations govern Sector A?	What would we have to do to comply with these regulations that we're not currently doing?	<u>Short-Term:</u>  <u>Long-Term:</u>	1) How long would it take to comply?  2) How complex would the process be (H/M/L)?	To what degree is this sector susceptible to frequent changes in regulatory standards?
Sector B	Which regulations govern Sector B?	What would we have to do to comply with these regulations that we're not currently doing?	<u>Short-Term:</u>  <u>Long-Term:</u>	1) How long would it take to comply?  2) How complex would the process be (H/M/L)?	To what degree is this sector susceptible to frequent changes in regulatory standards?
Region 1	Which regulations govern Region 1?	What would we have to do to comply with these regulations that we're not currently doing?	<u>Short-Term:</u>  <u>Long-Term:</u>	1) How long would it take to comply?  2) How complex would the process be (H/M/L)?	To what degree is this sector susceptible to frequent changes in regulatory standards?
Region 2	Which regulations govern Sector A?	What would we have to do to comply with these regulations that we're not currently doing?	<u>Short-Term:</u>  <u>Long-Term:</u>	1) How long would it take to comply?  2) How complex would the process be (H/M/L)?	To what degree is this sector susceptible to frequent changes in regulatory standards?

Reminder! You can find this information by contacting industry trade associations, reviewing regulation-focused periodicals or by visiting the US Government Regulatory Web site or any the regulatory site for any country you are considering entering through M&A.

# PHASE 2: TARGET-SPECIFIC EVALUATION

Growth Process Toolkit  
*Mergers & Acquisitions*



## PHASE 2: TARGET-SPECIFIC EVALUATION

### Where Are We Now?

As previously stated, the tools featured in Phase 1 help you conduct in-depth research for each sector that you are considering entering through M&A. To this point, you have:

- *Written a goal statement* – You know precisely what you want to achieve through M&A, and this vision has guided your efforts throughout Phase 1.
- *Conducted a market sector overview* – You have given equal and unbiased consideration to all potential sectors.
- *Studied each sector's market fundamentals* – You understand each promising sector's distribution system, customer base, and market conditions.
- *Analysed each sector's competitive climate* – You know which competitors dominate each sector under consideration and have identified potential threats, as well as potential partnership opportunities.
- *Assessed each sector's economic landscape* – You are aware of all potential external factors that might influence the growth or decline of a particular market and have accounted for potential changes to that situation over the next 5, 10, and 15 years.

### What Do I Do Next?

Armed with the above knowledge, your next objectives are to (1) finalize your sector decisions, and (2) identify potential acquisition targets within that chosen sector. Ideally, Phase 2 will leave you with 10 or fewer companies that will then become the focus of Phase 3 due diligence, which will focus intensely on companies' financials, corporate governance, and company culture (this toolkit will prepare you to begin Phase 3, but does not feature specific tools or resources to guide you).

Outlined below is the step-by-step process for Phase 2. The pages that follow will feature the resources that you need to complete each one of these steps.

#### Target-Specific Analysis: Key Steps and Tools

Step	Purpose	Tool
<b>Revisit the Goal Statement</b>	Consider what sort of acquisition target fits best with your growth strategy	Goal Statement Template
<b>Confirm Sector Decision</b>	Achieve consensus on which sector warrants further exploration	Sector Comparison Grid
<b>Evaluate All Companies</b>	Approach target evaluation without bias; consider all targets equally against stated criteria	Target Questionnaire Target Assessment Template
<b>Select Final Candidates</b>	Compare all remaining candidates against one another and generate final list	Target Ranking Tool Strategic Fit Matrix Final Evaluation Grid Target Short-List Presentation Template
<b>Determine Next Steps</b>	Outline the information you need to collect from each company warranting further consideration	Due Diligence Preparation Checklist

Step	Revisit the Goal Statement	Confirm Sector Decision	Evaluate all Companies	Select Final Candidates	Determine Next Steps
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## REVISIT THE GOAL STATEMENT

As noted previously, your goal statement is a living document – something that you should revisit and reconsider at each phase of M&A planning. To that end, we strongly advise you and your team to review your goal statement at the outset of Phase 2. This exercise will ensure you:

- *Focus on the Right Companies in Phase 2* – By reminding yourself what goals your organisation aims to achieve through M&A, you can approach target evaluation with total clarity of purpose.
- *Determine Appropriate Evaluation Criteria* – You are much more likely to find what you need if you know specifically what you are looking for.

[Click here to download.](#)

COMPANY NAME

### GOAL STATEMENT: TEMPLATE

#### Description: What is the purpose of this merger or acquisition?

*Hint: Do you want to gain new capabilities or access to new markets, pursue new innovation opportunities, increase top-line growth, or something else?*

(a) What purpose will M&A serve within our larger growth strategy?

(b) Which specific sectors do we want to investigate? Why?

#### Measurement: How will we determine success?

(a) Short-Term: How much time do we have to demonstrate the value of the merger or acquisition to shareholders? What metrics can we realistically influence during this time?

(b) Long-Term: What signs of success would we expect 3 to 5 years following the deal? How can we quantify these expectations?

#### Importance: How essential is this deal to the organization's future growth potential?

*Hint: Do you need to keep pace with competition, jump-start stalled growth, or something else?*

(a) What are we specifically buying that is so integral to the success of our growth strategy?

(b) Can our company achieve the desired growth objectives without pursuing M&A? If 'yes', then why is M&A still our best bet? What are alternative options?

#### Buy-In: Who has contributed to and/or approved this statement? Who still needs to sign off?

(a) What are plans for ensuring that signoff occurs?

(b) How will we modify our goal statement if we receive push-back from key stakeholders? On which points are we willing to budge, and on which must we hold firm?

\*\*\*\*\* NEW \*\*\*\*\*

#### Strategy: What is the desired strategic fit between our company and an acquisition target?

#### Financing: What are the financial parameters within which the acquisition must conform?

*Hint: These parameters may include annual sales, expected purchase price, financial structure, or ownership. Note that these financial parameters may come into play more significantly in Phase 3 than they do in Phase 2.*

#### Personnel: What are the desired personnel requirements between a target's management and that of our company?

*Hint: Consider ownership structure, company culture, employee turnover rates, etc. Again, these issues will become more important in Phase 3 but may affect filtering decisions in Phase 2 as well.*



Step	Revisit the Goal Statement	Confirm Sector Decision	Evaluate all Companies	Select Final Candidates	Determine Next Steps
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## CONFIRM SECTOR DECISION

### Tool 1: Sector Comparison Grid

#### Overview

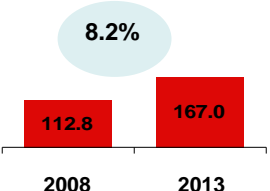
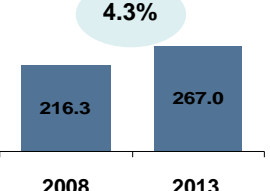
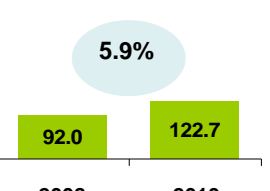
##### What is it?

A template into which you can insert final data points for each sector you considered in Phase 1 in a side-by-side, easy-to-compare format.

##### Why should you use it?

After conducting a vast amount of research and revisiting the goal statement, you will need to make a final determination on the sector that aligns best with your M&A growth objectives. The simple format may help you either present or communicate the final decision to others.

### Final Sector Comparison Grid (Sample)

Sector	Sector A	Sector B	Sector C
<b>Description:</b> <i>Why it's promising</i>	Sector A has benefited from multiple technological innovations that have accelerated many companies' growth	Sector B provides (X) to the end user from multiple sources within its value chain	Sector C's core product offering is a vital component of Sector (X)'s value chain, influenced by increasing quality standards and order quantities
<b>Revenues and Market Growth:</b> <i>Insert chart – current and five-year projection</i>	 <p>8.2%</p> <p>112.8 167.0</p> <p>2008 2013</p>	 <p>4.3%</p> <p>216.3 267.0</p> <p>2008 2013</p>	 <p>5.9%</p> <p>92.0 122.7</p> <p>2008 2013</p>
<b>Final Decision:</b> <i>Go/No-Go; Why</i>	Go: Offers potential synergies with our product line	No-Go: Key sector players operate in regions we are not looking to enter	No-Go: Too niche for our M&A growth objectives

Step	Revisit the Goal Statement	Confirm Sector Decision	Evaluate all Companies	Select Final Candidates	Determine Next Steps
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## EVALUATE ALL COMPANIES

### Tool #1: Target Questionnaire

#### Overview

##### What is it?

A list of questions you can use to filter all targets within a sector for alignment with your stated criteria.

##### Why should you use it?

You should standardize your target evaluation to the greatest extent possible. While you do not have to use the specific questions outlined below (remove any that do not apply; add in others that do), it is important to standardize information collection to remove any bias from the decision-making process.

### Target Questionnaire

#### Step One: Basic Criteria

*These are sample criteria; you can remove any that are irrelevant and replace with criteria customized to your organization.*

1. Does the company fall below our required revenue criteria?
2. Ownership – Is the company:
  - a) Privately held?
  - b) A subsidiary of a much larger private organization?
  - c) A subsidiary of a public company?
  - d) Part of a foreign-owned company?
  - e) Held by another equity firm?
3. Has the company recently been acquired by another entity?

#### Step Two: Detailed Questionnaire

*Ask these questions of any company that qualifies based off responses to the questions listed in Step One (you may want to use a third-party interviewer, such as Frost & Sullivan, to assist with this activity)*

1. What are their key technology and/or product offerings?
2. What would they consider to be the most unique feature of their product and services?
3. Which market segments/ end user groups do they sell to primarily?
4. How competitive is (each of) the market(s) that they sell to? Do they compete with many companies in the same space?
5. In the products that they sell, is there a consumable component and a replacement market?
6. Do they typically provide any service contracts to their clients (e.g., after-sales maintenance contracts)?
7. How much is their business affected by economic or commodity price fluctuation?
8. (Optional, applicable only to companies with multiple lines of businesses) – What percentage of their business can be attributed to \_\_\_\_\_?
9. Is the company one of the leading vendors/suppliers in their field?
10. Approximately how many individuals does the company employ?
11. Do they have a good idea of the overall size of the \_\_\_\_\_ market?

Step	Revisit the Goal Statement	Confirm Sector Decision	Evaluate all Companies	Select Final Candidates	Determine Next Steps
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## EVALUATE ALL COMPANIES

### Tool #2: Target Assessment Template

#### Overview

##### What is it?

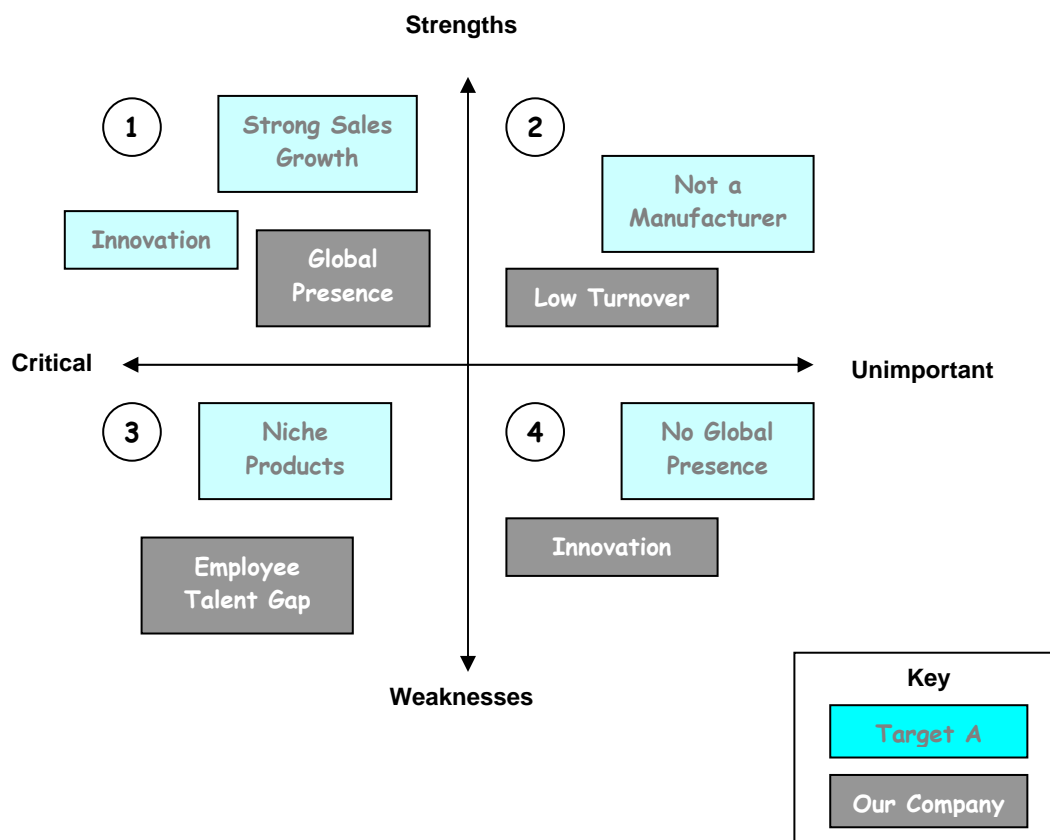
A grid on which you can map a final assessment of each target based off responses to the questions listed in step 2 of the [Target Questionnaire](#).

##### Why should you use it?

By consolidating all responses to the questionnaire into an accessible, visual framework, you and your colleagues will have an immediate frame of reference for each target's strengths and weaknesses (and how important or unimportant those characteristics may be for your organization).

Use your responses to the target questionnaire to complete the following diagram for each target under consideration. You can also plot your own company on each chart to help identify potential synergies with each target (most identifiable by comparing quadrants 1 and 4).

### Target A Assessment (Sample)



Reminder! Does this template look familiar? You completed a similar assessment exercise during your technological analysis in Phase 1.

Step	Revisit the Goal Statement	Confirm Sector Decision	Evaluate all Companies	Select Final Candidates	Determine Next Steps
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**SELECT FINAL CANDIDATES****Tool #1: Target Ranking Tool****Overview****What is it?**

A weighted scorecard that forces evaluation of all targets against consistent criteria. This comparison can help simplify your decision-making by clarifying each target's strengths and weaknesses.

**Why should you use it?**

It helps you simplify a complex process. During your target research, you will collect a wealth of information and this tool helps you distill that information to only the most vital data points and metrics.

**Target Ranking Tool (Sample)**

	Growth Potential in (X) Years	Gross Margin %	Current Market Share	Partnership Potential (H/M/L)	Willingness to be Acquired (H/M/L)	Match with Existing Customer Base (H/M/L)	Ranking
Company A	10% annual growth predicted	18%	7%	M	H	M	2
Company B	22% annual growth predicted	20%	15%	H	L	H	1
Company C	8% annual growth expected	18%	10%	L	M	L	3

**Additional factors that may affect your decision making include but are not limited to:**

- Project strength: Quantitative and qualitative measures indicating likelihood of deal completion or level of deal risk (depending on how you choose to define it)
- Competitors: Strength of expected competitors in the market
- Price sensitivity
- Impact of Product Differentiation in this Market
- Redundant infrastructure or cost-saving opportunities
- Regulatory barriers

**Reminder!** This is a sample decision support matrix with examples of criteria that you can use. The focus of your decision support matrix will depend upon your specific objectives for M&A and should be developed with the growth team.

Step	Revisit the Goal Statement	Confirm Sector Decision	Evaluate all Companies	Select Final Candidates	Determine Next Steps
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## SELECT FINAL CANDIDATES

### Tool #2: Strategic Fit Matrix

#### Overview

##### What is it?

A matrix on which you can plot each target's market attractiveness and competitive position. You can use this tool in partnership with the [Target Ranking Tool](#) on the previous page: the grid can organize your thoughts, and the matrix can illustrate them.

##### Why should you use it?

It provides you and your colleagues with a graphical viewpoint of the same information. It can serve as a valuable presentation tool, since it visually represents the potential of each target you are evaluating and alerts you to any that fall into the low/weak quadrant.

### Strategic Attractiveness – Grid Analysis

Market Attractiveness	High			
	Medium			
	Low			
		Weak	Average	Strong
Competitive Position				

### Scoring Template (Guidance for Completing the Grid)

Market Attractiveness	Score*	Competitive Position	Score*
Market Size		Intensity of the Competition	
Market Growth Rates		Fit with Your Company's Existing Business	
Existing Market Share		Relative Brand Strength	
Market Price Sensitivity		Product/Technology Differentiation	
<b>Overall Attractiveness:</b>			

\*Score out of 10 and average at the end. 1=Poor; 5=Average; 10=Excellent

Step	Revisit the Goal Statement	Confirm Sector Decision	Evaluate all Companies	Select Final Candidates	Determine Next Steps
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## SELECT FINAL CANDIDATES

### Tool #3: Opportunities Evaluation Grid

#### Overview

##### What is it?

A final assessment of each target under consideration. It will help you prioritize the best opportunities and evaluate their strategic fit. After completing this final exercise, you will be prepared to begin your intensive due diligence on each target still under consideration.

##### Why should you use it?

It will help ensure that you and your colleagues have a consensus on the best acquisition strategy for the organization combined with the best-fit target for that strategy. Completion of this scorecard will give you and the rest of the growth team a final opportunity to make changes to the strategy before the stakes increase.

### Opportunities Evaluation Grid

Criteria	Target 1	Target 2	Target 3
Strategic Attractiveness			
Financial Attractiveness			
Implementation Difficulty			
Uncertainty and Risk			
Acceptability to Stakeholders			

### Guidance for Completing the Grid

Criteria	Explanation
Strategic Attractiveness	Consider this the sum of your Phase 1 research: i.e., growth drivers/restraints, market size and forecasts, growth rates, competitive position, customer requirements, etc.
Financial Attractiveness	Can be defined using value and cost driver analysis, ROI, cash flows, EBITDA, and long- and short- term debt.
Implementation Difficulty	Can be assessed by evaluating the pros and cons of the decision (i.e., force field analysis); this tool tests organisation reaction to market and technical challenges
Uncertainty and Risk	Can be defined by conducting a financial risk analysis and running various scenarios
Acceptability to Stakeholders	Can be defined by conducting an analysis of likely stakeholder resistance



Step	Revisit the Goal Statement	Confirm Sector Decision	Evaluate all Companies	Select Final Candidates	Determine Next Steps
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## SELECT FINAL CANDIDATES

### Tool #4: Short-List Presentation Template

#### Overview

##### What is it?

A final presentation of your findings – the culmination of all your Phase 1 and Phase 2 research.

##### Why should you use it?

It will help you present the outcome of your findings to key stakeholders by stating explicitly which targets have been selected and why. This presentation will help ensure consensus on which targets will be the focus of Phase 3 due diligence.

### Short-List of Companies for Phase 3 Due Diligence

Company	Selected?	Reason
Company A	Yes	Meets our criteria
Company B	Yes	Meets our criteria
Company C	No	Does not manufacture the equipment we need; core product offering not aligned with our own
Company D	Yes/No	Reason
Company E	Yes/No	Reason
Company F	Yes/No	Reason

Step	Revisit the Goal Statement	Confirm Sector Decision	Evaluate all Companies	Select Final Candidates	Determine Next Steps
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## DETERMINE NEXT STEPS

### Tool 1: Due Diligence Preparation Checklist

#### Overview

##### What is it?

A list of key activities that you will need to complete as you begin your due diligence on each remaining target.

##### Why should you use it?

It will prepare you for Phase 3 and structure your activities throughout. It will also give you a sense for your progress, since you can revisit the checklist at the completion of each exercise.

### Due Diligence Checklist: Preparing for Phase 3<sup>14, 15, 16</sup>

#### 1. Build a Due Diligence Team

- An accountant to assist with the financial side
- An M&A attorney
- A tax attorney (might be the same person as the M&A attorney)
- Key members of the management team who understand the business aspects of the transaction; select these individuals based on previously determined strategic business goals for the M&A transaction
- Other members of the growth team you want to involve
- Someone likely to be involved with post-transaction integration

#### 2. Conduct Opportunity Cost Analysis

- Which internal initiatives would we (the acquiring company) have to scale back, eliminate, or delay?
- What are potential costs associated with those delays?
- What impact would it have on our business if a competitor acquired this target instead of us?

#### 3. Understand the Risks of the Business

- Valuation analysis
- Liability analysis (e.g., debt and credit rating)
- Accretive value of the acquisition
- Impact on share price and earnings per share
- Investment-cost ratio
- Analysis of the recent performance of the target's products and/or services

#### 4. Consider Implementation Feasibility

- Ownership analysis
- Key personnel analysis
- Cultural fit assessment
- Human Resources analysis (e.g., talent or leadership gaps)
- Corporate governance analysis
- Blind interviews with suppliers, customers, and others with detailed knowledge of the target's business
- In-depth study of target's heavy-user segments and their consumption trends

#### 5. Estimate Appropriate Bid

- What is a fair standalone value (i.e., what are the appropriate "comps")?
- How much additional NPV would an ambitious but realistic business plan deliver?
- How much in value is at risk (e.g., risk to shareholder value, company share price)?
- Is it worth a strategic premium?
- Based on the above, what is a fair but conservative bidding range?

# END NOTES

## Growth Process Toolkit *Mergers & Acquisitions*



## END NOTES

- <sup>1</sup> Laura Pedro, et.al., “Begin With the End in Mind: Tips For a Successful Merger, Acquisition, or Joint Venture”, PulvermacherFirth, 2004: 2.
- <sup>2</sup> Mark L. Feldman and Michael F. Spratt, Five Frogs on a Log: A CEO’s Field Guide to Accelerating the Transition in Mergers, Acquisitions, and Gut Wrenching Change (New York: HarperCollins, 1999) 7.
- <sup>3</sup> See, for instance, Jerry Pfeffer and Robert I. Sutton, Hard Facts, Dangerous Half-Truths, and Total Nonsense: Profiting from Evidence-Based Management (Boston: Harvard Business School Press, 2006) 4.
- <sup>4</sup> Corporate Growth: Organic or Acquisition: What is the Best Approach in Today’s Market? (Frost & Sullivan, 2007) 16.
- <sup>5</sup> David Harding and Sam Rovit, “Building Deals on Bedrock”, Harvard Business Review, September 2004, Vol 82 Issue 9, 121.
- <sup>6</sup> Jeffrey Pfeffer, What Were They Thinking? Unconventional Wisdom About Management (Boston: Harvard Business School Press, 2007) Chapter 24.
- <sup>7</sup> David Harding and Sam Rovit, “Building Deals on Bedrock”, Harvard Business Review, September 2004, Vol 82 Issue 9, 121.
- <sup>8</sup> Ibid.
- <sup>9</sup> Michael Skapinker, “Expansion Strategy: Companies Seeking to Acquire Others to Build Up Their Business Can Find Themselves Making Expensive Mistakes”, Financial Times, 24 January 2005.
- <sup>10</sup> Laura Pedro, et.al., “Begin With the End in Mind: Tips For a Successful Merger, Acquisition, or Joint Venture”, PulvermacherFirth, 2004: 2.
- <sup>11</sup> David Harding and Sam Rovit, “Building Deals on Bedrock”, Harvard Business Review, September 2004, Vol 82 Issue 9, 121.
- <sup>12</sup> Timothy J. Galpin and Mark Herndon, The Complete Guide to Mergers & Acquisitions: Process Tools to Support M&A Integration at Every Level (San Francisco: Jossey-Bass, 2007) 3.
- <sup>13</sup> Karen Beldy Torborg, et.al., “M&A Beyond Borders: Opportunities and Risks” Marsh, Mercer and Kroll & Economist Intelligence Unit, 2008: 5.
- <sup>14</sup> The Technology M&A Guidebook, Chapter 1: Stages of the M&A Process, 9.
- <sup>15</sup> Kees Cools, et.al., “The Brave New World of M&A: How to Create Value from Mergers and Acquisitions” Boston Consulting Group July 2007, 25.
- <sup>16</sup> Jarrod McDonald, et.al., “Planning for a Successful Merger or Acquisition: Lessons from an Australian Study” Journal of Global Business and Technology, Vol 1, Number 2, Fall 2005.