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# For M&A Consulting, Nothing Beats “Been There, Done That”

At this point on the calendar, near-and long-term business predictions for 2018 and beyond are easy to come by, and frankly not all that valuable. What is known, however, is that this year hundreds of mergers and acquisitions will be announced, planned or executed and, subsequently, companies will pay hundreds of millions of dollars to consulting specialists to help guide the M&A process. Whether these companies will be satisfied with the guidance they receive is an entirely different prediction altogether.

For many companies, the M&A decision and process almost invariably becomes the responsibility of executives (financial officers, chief counsel, etc.) that won't be involved in the day-to-day task of making an integration successful. This is why companies bring in management consulting specialists in the first place: they can provide valuable perspectives and advice across a number of important areas – from systems integration to team chemistry. The ideal partners have been through their share of successes and failures – it's not their first rodeo.

The most successful integrations we see are those where thoughtful advance planning takes place and clients take the time to carefully identify the specific skills and expertise they are looking for in a consulting partner.

To provide some guidance related to some of the skill sets that matter – and those that don't – following is a brief primer on some of the areas of value when making this selection.

## **MUST-HAVES**

***A “Been There, Done That” Approach:*** Obviously experience is critical in almost any strategic engagement, but M&A experience is just plain different. Successful M&A is about execution – understanding what can realistically be accomplished within a given timeframe and what the end result will look like. There are fundamental principles that can be applied to most M&A situations, but mastering execution within that set of principles requires repetition.

When determining the right consultant, it's critical to understand specific experiences and areas of expertise, whether as a consultant or at the corporate level. Were they the buyer or the seller? Determine if those projects were of comparable size and scope to your own. Ask about the complexities involved, including regulatory hurdles, supply chain issues or strategic and cultural gaps. Experience matters. Don't act as a training ground for a consultant's future clients; the right choice should provide you the value – not someone else.

***Less Optimization, More Transformation:*** There are plenty of management consultants that are wired like their clients in the C-suite – they want to make everything work as well as possible. It's a noble pursuit, but M&A requires a somewhat different approach.



## Making Strategy Happen

For example, when companies integrate systems, such as CRM or HR solutions, one company with a newer, larger system might assume the best strategy is to force the other company to rapidly transition away from their legacy system. The forward-thinking and battle-tested management consultant has seen that movie before and understands that, more often than not, that approach leads to confusion, delays and costly downtime while IT departments scramble and employees catch up on unfamiliar processes.

The ideal consultant is willing and able to invest time and effort into integration planning – asking the right questions at the outset of a project to determine where potential friction in a merger might take place, whether from a systematic or a cultural challenge. Newer doesn't necessarily mean better. The right partner understands the operations side to a business and recognizes that clients don't spend 24/7 thinking about integration – they're focused on keeping the lights on and the doors open. Viewing a potential transformation from the perspective of both the C-suite and the operations staff may seem simple, but it's actually a learned skill that requires a well-trained ear and plenty of time in the trenches.

### LESS GOOD

***Strategy without Execution:*** Bottom line – for M&A to be successful, it's imperative that strategy and execution are in lock-step with one another. A solid management consultant understands how to translate strategy into day-to-day action. This includes identifying the unique traits that make each company distinctive – technology, processes, organizational structures, people skills, etc. – and creating an actionable roadmap that applies those areas into the integration. The right consultant contemplates all the possible scenarios and is able to make thoughtful recommendations that are cognizant of the unique cultures and characteristics of each side.

### UNNECESSARY

***Excessive PowerPoint, Expense Accounts:*** There will inevitably be management consultants who successfully overwhelm clients with flashy presentations and brand recognition (“nobody ever got fired for hiring \_\_\_\_”), that are often mistaken for value. During the evaluation phase, it may be more prudent to focus on references of successful engagements, as opposed to the slick nature of the marketing materials that are provided.

Strategy without proper execution is a pathway to certain failure, and yet companies continue to find themselves in consulting relationships with big, high-level thinkers that don't get things done. Instead, prudent executive teams will seek specialists who are capable of laying out the strategy, but are also able to roll up their sleeves and accomplish something. These types of partners have the opportunity to not only reach their clients' business goals, but also to create a new culture of execution that will have an impact well after a transformation takes place.

—By Mark Newhall, ESG Founder and CEO