Aligning M&A Motivations and Sustaining Value

When looking at the current state of mergers and acquisitions (M&A) and its trajectory over the next few years, we expect to see:

- M&A deals likely to focus on lowering operating costs through economy of scale, protecting supply chains, and acquiring new and/or more resilient revenue sources
- A transition from a seller's to a buyer's market
- Technology emerging as the lead sector of M&A activity post-COVID-19
- Increased scrutiny from the Department of Justice (DOJ) and the Federal Trade Commission (FTC) as well as political pressures for U.S. economic recovery

Even in the face of less-than-optimal external factors, managing the various internal factors can help organizations achieve **lasting success and sustainable value**.

M&A Market Snapshot

$307B U.S. deal value Q1 2020

3,277 U.S. deals Q1 2020

2019 Reached peak of 5-7 year cycle

3.9M U.S. workers impacted by M&A in 2019

Top factors for achieving the expected business outcomes of an M&A deal

- People and Talent
- Culture
- Leadership and Governance

Common Challenges

In the midst of **organizational change**, leadership decisions around culture and workforce differences drive new challenges in **employee engagement and commitment** that can affect:

- Organization structure and reporting relationships
- Trust in new leaders
- Day-to-day roles and responsibilities
- Prior effective working relationships
- Compensation practices
- Processes, tools and systems
- Physical location and proximity to colleagues
- Established manager/employee teams
- Job security
- Total rewards packages

Ignoring factors like these when planning the deal can slow or derail optimal integration.

Segal

The key to a successful merger or acquisition

People in business hear about mergers or acquisitions that fail. However, few people hear details about those many deals that proceed but fall short of attaining their full expected value and then sustaining it.

The crucial (and often missing) first step in an M&A deal is conducting **objective, focused pre-assessments** of an organization's readiness to embark on a deal.

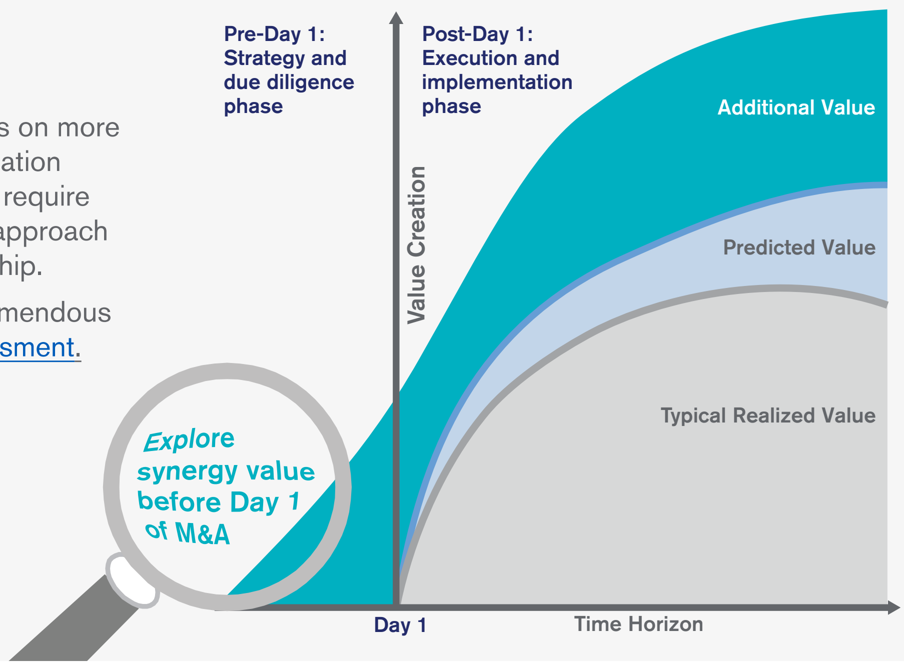
Utilizing the results of the pre-deal assessment to develop a set of targeted action steps increases the likelihood of a successful deal. Done well, a potential synergy value emerges before any M&A deal begins and points to the best path to **achieving accelerated, increased and sustained value**.

Even when organizations have M&A processes and playbooks in place, these often are too internally focused on financials, assets and headcount while glossing over the multidimensional aspects of people, culture and leadership.

Maximizing synergy value

During M&A, successful companies focus on more than business optimization and the elimination of redundancies. Value and sustainability require motivated people, selecting an effective approach to cultural differences and visible leadership.

Segal helps you unlock this source of tremendous value. Start by taking a [brief online assessment](#).



Segal Can Help

We have developed a framework for asking the right questions to ensure an organization is ready to begin talks with another as either a partner, a target or a suitor. Our framework aligns the key motivations with the major areas for building success: people, culture, and leadership as well as traditional aspects such as products and services.

The benefit for an organization in conducting a pre-deal diagnostic evaluation is increasing the chance of having a smoother integration, accelerating value growth. Let us show you how.

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