

A different kind of partner...

Best Practices in Merger Integration

consulting ▪ technology ▪ staffing



Best Practices Summary

- Establish Strategic Framework for Decision Making
- Dedicate Integration Resources
- Frequently Assess Cultural Progress
- Communicate Early and Often
 - Spell out “Non-Negotiables” as early as Possible
 - Jointly formulate a 100 Day Integration Plan
 - Communicate to all Employees, Customers, Suppliers
- Measure Performance Versus Proforma
- Focus on Priorities
 - Objectively and Systematically identify the highest priority Synergies
 - Those with Highest Value + Probability of Success

Move Quickly— everyone is expecting changes

Key Steps in Acquisition Integration

Align Strategy

- Understand Acquiror, Target and Deal Synergies
- Define Success
- Confirm Leadership Commitment

Identify Culture

- Assess Cultural Differences
- Identify “Keeps” and “Gives” for Both Organizations

Dedicate Resources

- Create A+ Teams to Lead Integration Initiatives
- Agree Roles & Responsibilities; Tie to Strategy
- Measure Team Performance and Task Completion

Initiatives/Action Plans

- Define and Prioritize Initiatives
- Develop Detailed Action Plans for Achieving Synergies

Execution

- Define Desired End State
- Set Metrics and Monitor Team Progress
- Transition to Operations

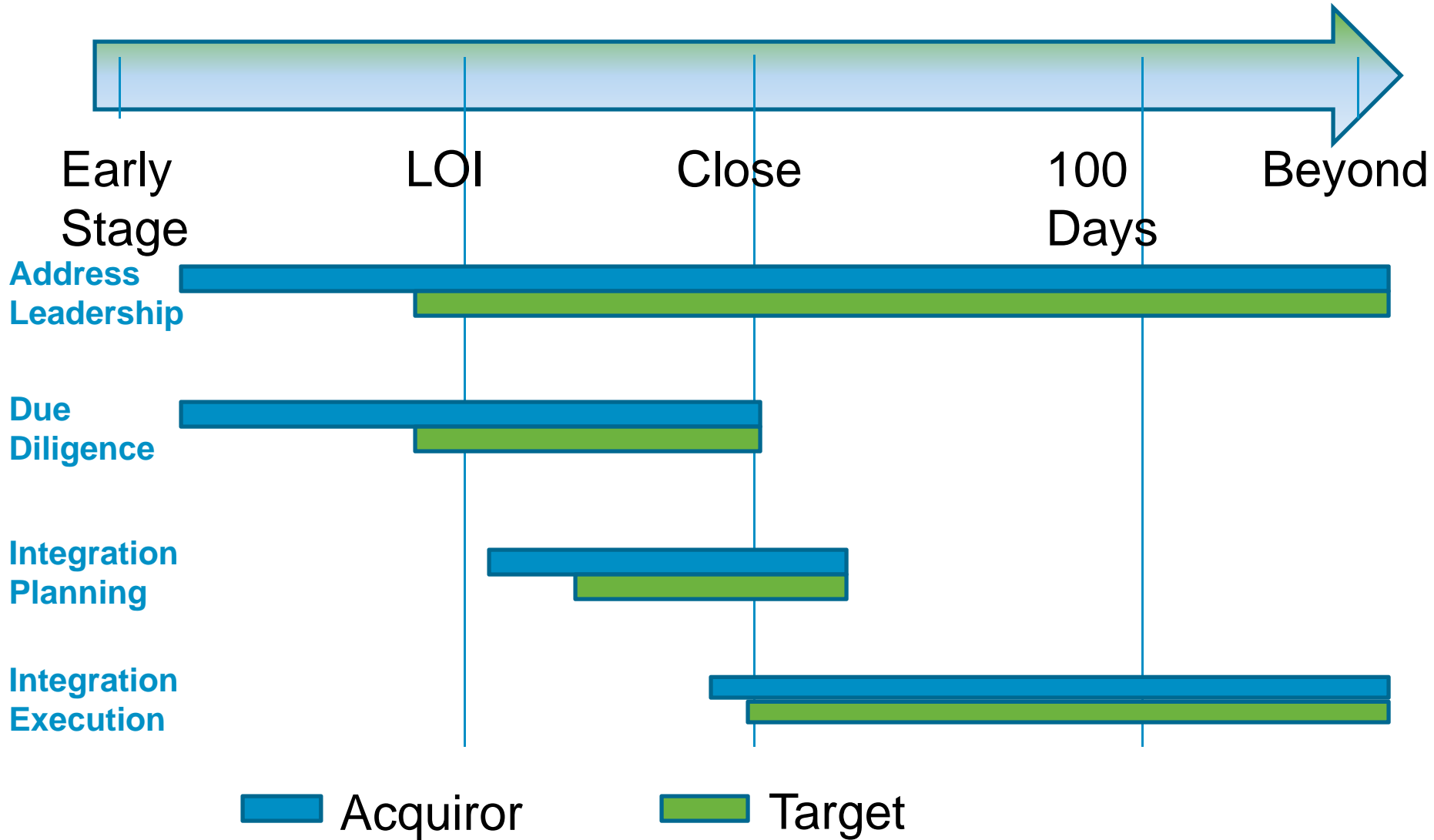
Manage Information

Aligning Strategy and People

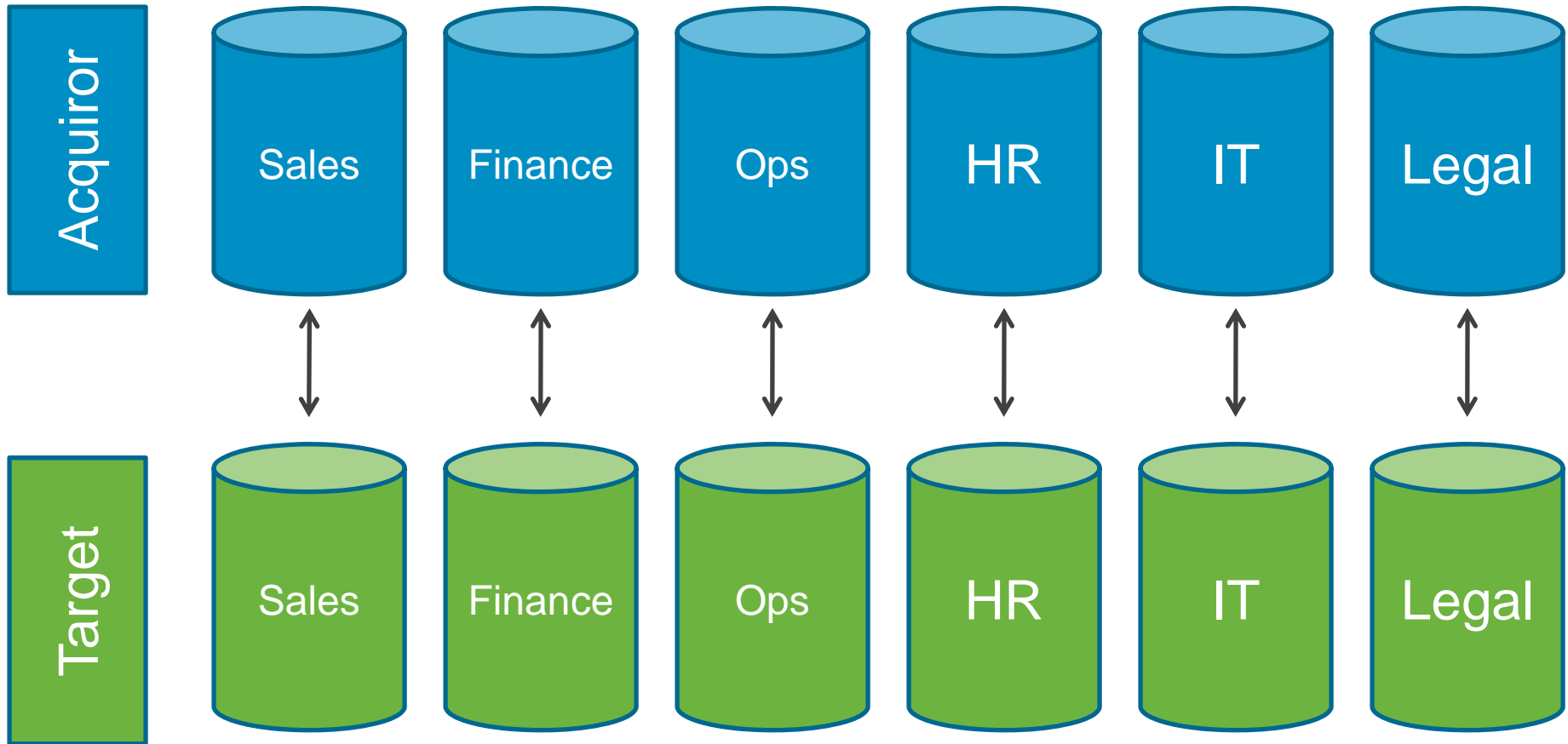


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Timeline

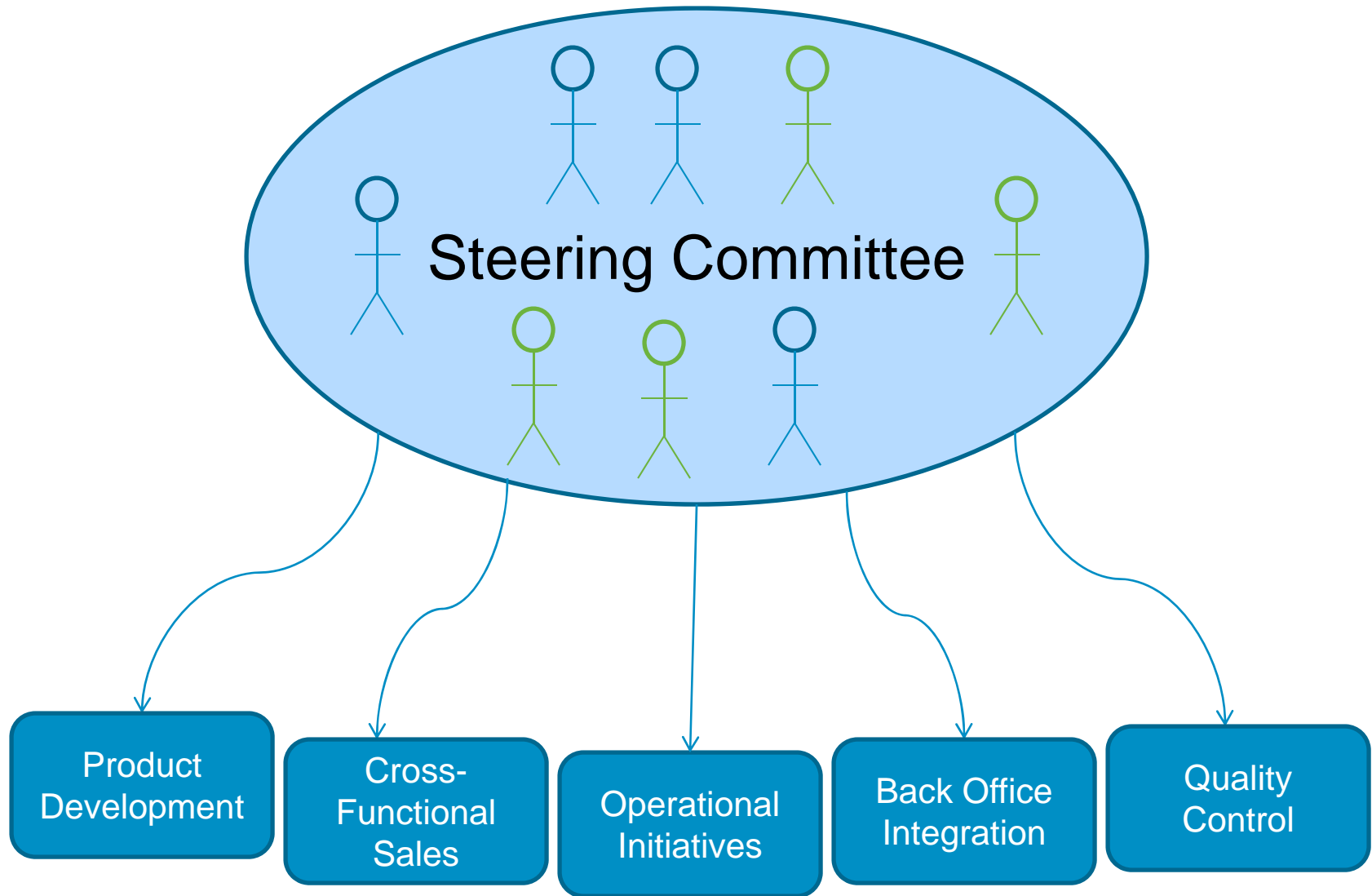


The Wrong Way

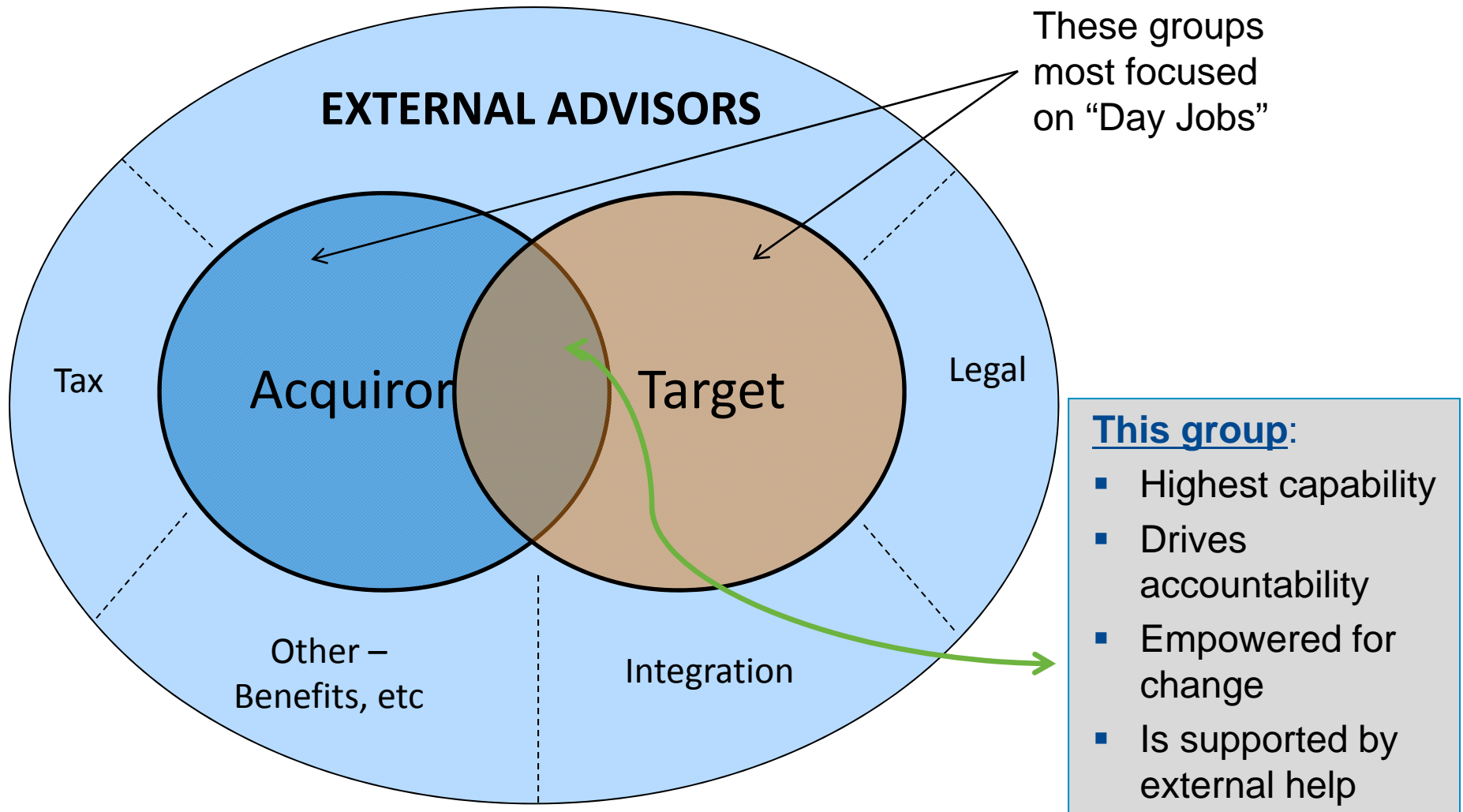


Without strategic leadership an integration will fail

The Right Way



Dedicating Resources



Cultural Considerations

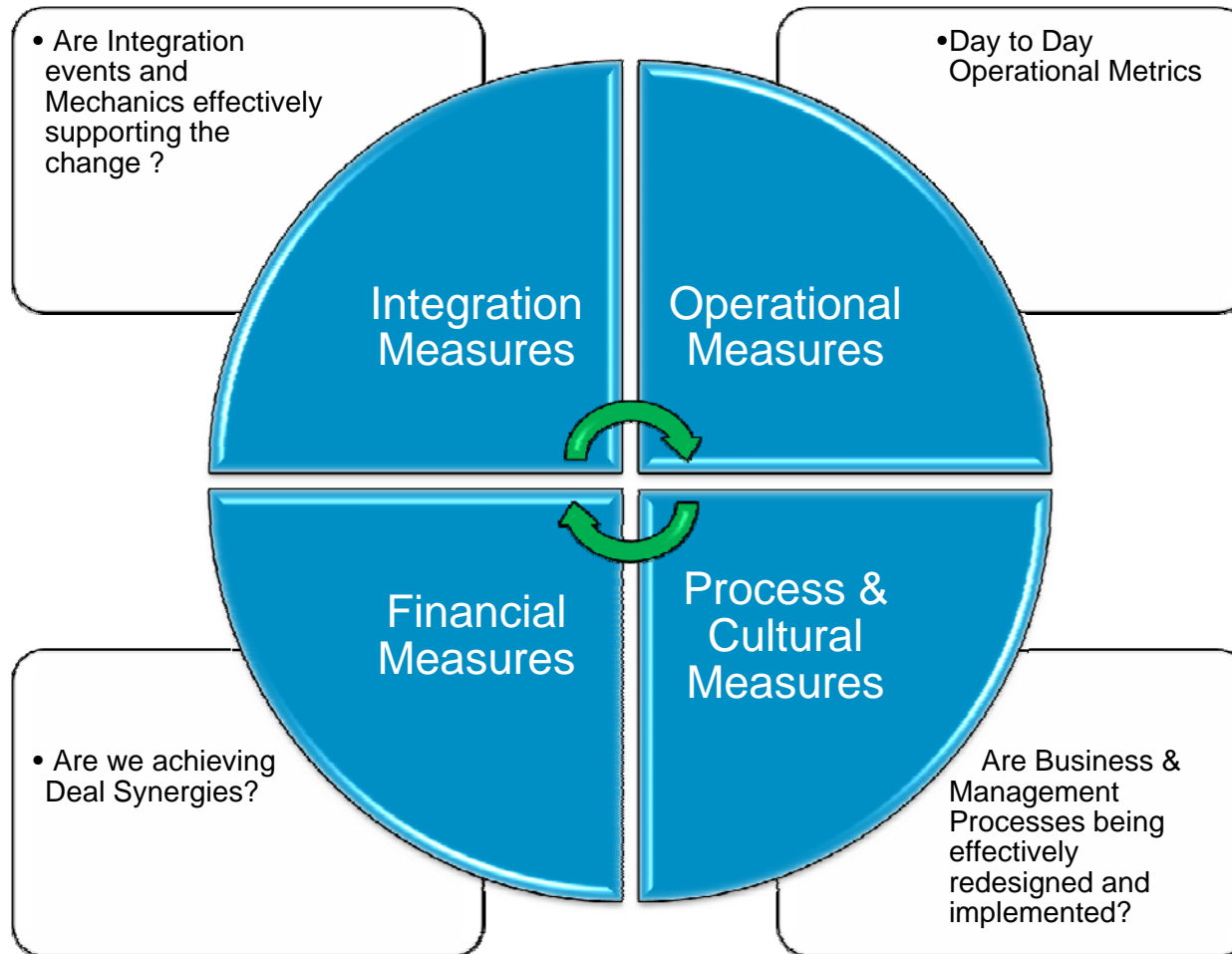
- Cultural integration...
 - Spans all functional areas
 - Is not an event; it is an interactive, complex process
 - Takes a long time
- Commitment is critical to success
 - 80% of integration problems relate to cultural issues
- Teamwork is important throughout
- When in doubt, err towards overcommunicating

Ways to Reinforce and Create Culture

1. Rules and Policies
2. Goals and Measures
3. Rewards and Recognition
4. Staffing and Selection
5. Training and Development
6. Events
7. Leadership Behavior
8. Communications
9. Physical Environment
10. Organizational Structure

- Focus on formulating and telling the story
 - Consistency and frequency of communication is key
- Target personnel have often been disappointed by previous buyers
- Introduction should start broad then narrow to functional information
- Understand the impact of integration on the business – burnout is often an issue

Initiatives and Execution



Implications of Legal Documents

Definitive Agreement

- Earnout structure and measurement
 - Revenue and gross margin versus EBITDA
 - Months, not years
- Post-closing tax matters

Transition Services

- Encourage and incentivize rapid decoupling of systems
- Penalties for delays

Employment Agreements

- Incentives – sales, stock-related compensation, bonuses
- Address potential for departure, role shift
- Signed by close of deal

Bio and Contact Information

Areas of Expertise

Industry Experience

- Mergers and Acquisitions
- Strategic Planning
- Business Due Diligence
- Acquisition Integration
- Data Industry

Education & Certification

- B.S., Accounting, Wake Forest University
- MBA, Harvard Business School
- Certified Public Accountant

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Catherine Dixon co-leads Intersect's executive services division, directing business planning, merger & acquisition, and C-level executive outsourcing engagements for clients.

Prior to joining The Intersect Group, Catherine spent 15 years in a variety of roles in mergers & acquisitions, investment banking and accounting. Most recently, she was a mergers and acquisitions executive with ChoicePoint, a publicly-traded information services company. While at ChoicePoint, Catherine bought and sold a variety of companies in the data and software arenas and was influential in shaping the company's strategy.

Previously, Catherine was an investment banker with SunTrust Robinson Humphrey, where she helped clients raise debt and equity capital and sell companies. Catherine was also with Coca-Cola Enterprises in Atlanta, where she focused on technical accounting requirements and acquisitions, and with Arthur Andersen, where she led fieldwork for audit engagements.