FOR M&A DECISION-MAKERS

TRANS*ACT*™

Look after the ***people***, they will look after the ***value***

70% to 90%[1]
of M&A transactions fail to increase value…

Not enough attention to culture is a key factor

Corporations continue to merge, divide, spin and acquire at record pace. However, research shows the majority of mergers fail to deliver promised shareholder value. Why? Failure to culturally integrate the organizations.

Financial advisors and decision makers focus exclusively on the audiences that affect deal approval—investors and regulators. Who is focused on the groups that make or break shareholder value—employees and customers?

To help clients get the value they expect from M&A, Daggerwing offers **Trans*ACT***, a culture-first integrated financial transaction offering. From vetting targets through integration, we help clients focus on behavioral norms and ways of working that are critical to success. Our experience points to three things companies can do to ensure their transaction delivers promised value:

1

Make sure it's a good fit from the start. Successful companies use the due diligence phase to assess the cultures of M&A targets as well as their own, test their assumptions about culture, map the risks cultural issues pose to integration and determine if these can be effectively mitigated.

2

Be purposeful about the culture you want post-integration. Successful companies carefully design and articulate the values and behaviors the new organization needs to achieve all of the benefits promised to shareholders. These companies ensure employees have a common understanding of what success is for the new company and are aligned around how to get there

3

Double-down on employee inspiration. Transactions breed employee uncertainty at the precise time when the business needs to maintain or improve performance. But the bulk of communication efforts are often spent on selling the merits of the deal to external stakeholders. For deals to succeed, companies should spend as much or more energy communicating to employees about the promise of the new organization.

30%
of mergers fail because of cultural incompatibility.[2]

$600M+
yearly net income drop seen by acquiring companies with large cultural mismatches.[3]

1. HBR, June 2016: *M&A – The One Thing You Need to Get Right*
2. Society for Human Resource Management, January 2015: *The Impact of Corporate Culture Distance on Mergers and Acquisitions*
3. HBR, October 2018: *One Reason Mergers Fail: The Two Cultures Aren't Compatible*

daggerwing GROUP
A MEMBER OF OMNICOM GROUP INC.

TRANSACT™

*Look after the **people**, they will look after the **value***

We support you every step of the way…

Step 1 — NEGOTIATIONS
- Issues research
- Culture compatibility assessment
- Crafting of executive narrative

Step 2 — OFFERS
- Internal change readiness assessment
- Employee engagement
- Leader alignment and preparation

Step 3 — APPROVALS
- Sustained employee engagement
- Partner with enabling functions to plan for integration

Step 4 — CLOSE
- Day 1 employee experience
- Culture champion network
- Proactive customer engagement

Step 5 — INTEGRATION & ACCELERATION
- Culture design and integration
- Customer journey mapping
- NewCo org design
- Measurement and tracking

FULL SUITE OF SUPPORT INCLUDES:

- Organizational Adaptability Coaching
- Aligning Customer and Employee Experience
- PMO Support
- Employee Value Proposition and Talent Strategies
- Employee Engagement and Communications
- Defining Roles and Mapping Accountability

Successful culture integration is the essential element of transactions that deliver promised value. Strategy defines where you are going; culture gets you there.

For more information, contact us at connect@daggerwinggroup.com

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