

# Mergers & Acquisitions: “Capabilities, Core Competencies, Technology:

Professor Justin Aina, President  
The Roundtable International, Inc  
140 Bourne Avenue, Suite 20  
Rumford, Rhode Island 02916

Tel: 401-480-6032, Email: [roundtableinc@aol.com](mailto:roundtableinc@aol.com)





# Separate Transaction Issues From Management Issues

## Transaction Issues:

One time legal, accounting and finance issues required to reach a definitive legal agreement:

- **Legal:** Structuring the transaction to assure compliance with local, state and federal laws.
- **Accounting:** Compliance with generally accepted accounting principles, SEC rules and regulations and tax issues.
- **Finance Issues:** Paying appropriate price relative to comparable transactions and financial structure of the deal



# Management Issues Are Critical

## Strategic Issues:

- Initial direction of the merger or acquisition activity.
- Continuous evaluation of the feasibility of achieving strategic objectives.
- Translating business strategy into a post merger implementation plan.



# Management Issues:

## People Issues:

- Selecting individuals who will facilitate merger or acquisition activity.
- Evaluate the capability of acquired personnel to effect business strategy.
- Integrate acquired personnel into post acquisition business



# Management Issues

## Operating and Financial Issues:

- Develop suitable operating plan with financial forecast with financial forecasts and key decision milestones
- Testing that plan to assure key financial objectives will be met.
- Converting financial reporting systems to be comparable to the other company's
- *M&A begin and end with Management Issues not Transaction Issues*



# Organizational Capabilities Defined

- An organization's collection of assets, information, affiliation and knowledge infrastructure consisting of technology structure and culture.
- The organization utilizes a knowledge process architecture of acquisition , conversion, application and protection as essential organizational capabilities.



# Organizational Capabilities

This is an inventory of what the organization is capable of doing:

- Its people, resources, know-how, processes and structure (assets)
  - How these assets (or inputs) in order to deliver long term value (output) to the client.
- ❑ Organizational capabilities can handle transactional issues but not M&A related management issues!!



# Core Competencies

- Core Competencies are the skills, knowledge and special abilities a company possesses that sets it apart from other organizations.
- Core Competencies:
  - I. Create Customer Value
  - II. Establish Differentiation
  - III. Expand product or service offerings





# Leveraging Core Competencies

Leveraging Core Competencies :

- Expanding Customer Value Proposition
- Increasing Competitive Differentiation
- Leveraging Product or Service Offerings



## M&A Require Core Competencies

- Core Competencies Are Management Issues.
- Successful M&A requires the integration of the core competencies of both parties in order to create a 'reciprocal synergy'
- Reciprocal Synergy : Companies combine core competencies and customize them a great deal to make them reciprocally interdependent



# Technology

- Technology is rarely a primary consideration in pre-merger or acquisition discussion
- Technology is critical after the merger or acquisition:
  - I. Prioritize technology that connects
  - II. Establish one common communication platform that engages people at all levels in the new organization
  - III. Provide simultaneous targeted communication
  - IV. Focus on the scalability of technology.