Mergers & Acquisitions

How Dexter help

Pre-Acquisition

Pre and post due Diligence activities identified a wealth of unknown legislative changes not previously highlighted, which would have generated massive costs post-merger. **The acquisition was abandoned.**

Post-Acquisition

Dexter identified a large amount of unnecessary spend on old or unused products and services. **Provided immediate bottom line savings to the new owners.**

Post-Merger #1

Dexter analysts identified operational efficiencies and savings by integrating systems and services, as well as terminating now unnecessary ones. They then managed the program to implement these changes. **Delivering further Efficiencies and accelerating the delivery of goals.**

Post-Merger #2

12 months into a transition, the management team put into place by the Private Equity firm, was struggling operationally at an airline business despite due diligence; profits were down, customer perception was suffering. Dexter were brought and identified operational, behaviour and cultural issues were the cause.
Over a 9-month period, they delivered a plan that fixed operational challenges, developed a new positive culture and identified $2mm in VAT that could be reclaimed

***Deloitte**: "Corporations and private equity firms pin the most blame on external factors but recognize the need for more effective due diligence and integration to make sure revenue projections materialize."*

Achieve your M&A Goals

Dexter provides a full-service acquisition service which includes pre-due diligence, due diligence, integration, and post-transition efforts to ensure that the purchase meets or exceeds the earning and profitability expectations, and transitions are completed seamlessly.

With a wide range of business experience from Business Efficiency, Procurement, Operational and IT Delivery, Organisational planning, Financial investigation and Data Analytics, our team are well placed to provide your M&A activities with the skills, knowledge and expertise that you need:

- Before you seek a M&A Candidate,
- During the Due Diligence Phase,
- Providing operational due diligence prior to purchase (an often-missed activity),
- Post Due Diligence at commercial bargaining stage and
- Once you have signed, identifying areas for change, economies and savings to help you meet your M&A goals simply, and quickly.

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Further Details

Avoiding a bad purchase

Dexter was instructed to conduct due diligence on the potential purchase of a supplier to the Pest Control market looking specifically at Market Intelligence. The target's profitability was heavily reliant on its facility manufacturing own branded product, as well as products for external customers.

Dexter's identified that HUGE investments would be necessary to continue the production of certain active ingredients due to changing regulations in the following next two years. Also, the new regulatory requirements would forbid the production of some key lines.

This investigation identified that the seller had prior knowledge of the regulatory changes and had a desire for a quick sale to avoid investment and/or deal with the upcoming changes in its operating environment.

Dexter identified previously unseen:

- Risks in technology, product and service offering
- Severe regulatory challenges
- ROI that would not materialize until year ten. **As a result, the client decided not to progress with the acquisition.**

Righting an integration that's going wrong

Twelve months into a transition, despite performing detailed due diligence before the purchase of a company an airlines management team put into place by the Private Equity firm, was struggling operationally; profits were down, and customer perception was suffering. In addition:

- No post acquisition plan
- A lack of communication between the new leaders and a significant cultural gap between local parts of the organization and its global HQ
- Procurement, supply chain, and general operational tasks were disjointed, and costs were skyrocketing
- Commercial issues caused customer perception to decline and Improper accounting procedures led to over payments

As a result, their competitive position was falling. Even after a strong due diligence, for an acquisition to be successful, there must be a keen focus on mapping out the ROI and additional benefits that are to be achieved. Bringing in finance, regulatory, industry experts and generalists will help your team sift through information quickly, identify key activities and bring about positive results to deliver your projected profits.

Having expert support will deliver better revenue and earnings. Driving the transition is key to creating the ROI, and the first 3-4 months are critical to any transition.

Twelve months after the purchase (and well after the 3-4 month critical transition period), Dexter was brought in to the organisation to assist). Even though the situation seemed insurmountable, key issues were quickly identified and a resolution path created which:

- **Defined clear values for employee re-training**
- **Built bridges and improved communication between new management and existing staff**
- **Restructured procurement and defined better processes**
- **Reviewed accounts payable invoices and contracts to identify overcharges and Identified over $2MM in overcharges**

Dexter's initial piece of work evolved into anine month project that involved reviewing and restructing accounts payable processes and crafting documentation for revised employee training. A staff review identified the need for restructuring which involved reviewing employee contracts, terminating some staff and interviewing and hiring new staff to fill knowledge and expertise gaps identified as part of Dexter's research.

Further value was delivered when, ruring invoice reviews, Dexter identified an overcharge of over $2MM in Value Add Tax (VAT). Following further analysis, Dexter was able to recover the overcharge on behalf of the Client.