Mergers & Acquisitions

Case Study – Buying with confidence

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."

Challenge: A retailer that had been bought and sold twice and was on the market again for purchase. The latest buyer performed limited due diligence and the purchase appeared to fit their portfolio requirements. They did not spot the risks of underinvestment and lack of proper capability of the current team. The retail locations were swanky and looked really great from the outside however behind the scenes there were multiple issues.

- Systems on previous mergers had not been integrated. This created confusion as there was no consistency within the business
- Multiple, old Point of Sale systems provided complexity and inconsistency around sales
- Stock positions were not consolidated and controlled leading to over stock and increased cost
- Multiple warehouses that created confusion and inability to consolidate
- Multiple poor customer experiences with no system to identify, track, resolve and learn from

Opportunity: The key for the buyer is to leave no stone unturned; assume window dressing is happening. There must be a keen focus on mapping out the ROI and additional benefits that are to be driven post-acquisition. Bringing in finance, regulatory and industry experts and generalists will help your team sift through information quickly and bring about positive results to meet and exceed projected profits.

Having the right level of support will drive towards meeting revenue and earnings expectations. Proper Due Diligence is the first step for either the buyer or the seller to ensure that the transition is relevant, appropriate and successful.

For more information, please email info@dextergbs.us

Solution:

Immediately after the acquisition, the Client saw their projected profits disappear and earnings plummet. Dexter was brought in after the purchase, the areas of the issue were immediately identified and a path to resolution was agreed.

- Costs were benchmarked and brought under control to stop the overspending
- A plan was created to move some elements from higher cost space to lower-cost space
- Restructured the logistics and eliminated redundant warehouse space
- Defined and trained the team in processes to better define procurement to cut costs

Buying with Confidence with an Experience Team

Prevention is always better than cure. Had Dexter worked with the client and brought extensive expertise ahead of the time, the overspending would have been avoided using Dexter's pre-due-diligence work. We would have recommended the client pass on this purchase.

Dexter provides pre-due diligence and due diligence efforts to ensure that the purchase meets or exceeds the earning and profitability expectations.

Dexter partner with RadiusPoint and transitioned the Accounts Payable tasks across during the integration phase to ensure business continuity with all of the invoices that your newly purchased company brings to your organization. RadiusPoint can provide:

- Deep analysis of your spend to identify saving opportunities
- A digital platform to analyze and manage your procurement and cost control processes
- Reporting to identify duplicates and therefore refunds
- Digital Authorization processes to ensure all purchases are approved
- Ongoing automated process to improve procurement spend

Having Dexter and RadiusPoint on your Mergers and Acquisition team will allow your acquisitions to move faster, transition to move seamlessly, save your team time and ultimately save you money.

DEXTER RadiusPoint ACCELERATE INNOVATION

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