



Mergers & Acquisitions

Case Study – Avoiding a bad purchase

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: Dexter's client mandated it to conduct due diligence on the potential purchase of a supplier to the Pest Control market.

- Due Diligence phase
- Market Analysis

Outcome: 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, Dexter's client did not proceed with the purchase.

Detail:

The target company's profitability was heavily reliant on its facility manufacturing own branded product, as well as products for outside customers.

Dexter's due diligence process identified that HUGE investments would be required to continue the production of certain active ingredients due to changing regulation in the next two years.

In addition, the new regulatory requirements would outright forbid the continued production of some of the company's other lines.

This investigative work flushed out the seller's knowledge of the coming regulatory changes and its desire for a quick sale to avoid new investment and/or deal with the upcoming changes in its operating environment.

Dexter Global Business Solutions

Dexter offers cutting edge, effective due diligence and integration processes to acquiring companies of all sizes and industries. Dexter's experience, modern practices and subject matter expertise deliver the insights and solutions that enable successful Mergers and Acquisitions activities.

For more information, please email: info@dexterlbs.us

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