

Book Review
**Avoiding
the
M&A Failure Club**
by Linley Watson

 Reviewed by Paul M Southwick





“Everything looked good on paper, we had complimentary capabilities and we thought we were clear on what both parties brought to the table; we even compared personal and organisational values. It looked like a great fit. Then reality set it.”

Linley Watson, CEO of Melbourne based Peak Performance International has 30 plus years’ experience at executive level in both New Zealand and Australia. She has designed and implemented cultural change programs for companies including Air New Zealand, Bank of New Zealand, Bendigo and Adelaide Bank, Link Group, National Bank Australia, Suncorp, UBS, Vodafone and many more.

As a people and culture adviser, Watson has also been invited into organisations before, during, and perhaps more often, after multiple merger and acquisition (M&A) deals

in both countries. Her book is full of many (wisely) unnamed real life case studies.

“Because it is so ubiquitous, people can be unaware of their culture until it is challenged or they experience a new culture.”

Watson addresses the fact that the (mostly) lawyers and accountants, who run M&A transactions – which tend to have high failure rates (some estimates say 70-90 percent), all too often dismiss the need for, or have no expertise in, people and culture. What makes it worse is that they sometimes falsely think that they are good at people and culture. And that causes real damage to people, business and society in general.

“The lack of diversity in the deal team is where the problem starts.”

Watson’s comment on lawyers and accountants is borne out by an advertisement for an M&A Director on Seek in September 2017 which stated (note the lack of people skills experience or understanding):

“The ideal candidate will have:

- 5-8 years experience gained in Corporate Finance/M&A Advisory, Investment Banking or similar.
- Degree qualified along with either a CA, CFA or similar qualification
- Strong analytical skills
- A ‘team player’ attitude
- A high level of accuracy when completing work
- Possess an inquisitive mind and real commercial acumen
- Good report writing skills with the ability to express complex issues in a simple, logical manner
- The ability to identify and develop new transaction opportunities
- The ability to prioritise, manage multiple tasks.”

Through her years of experience Watson has developed a good sense of the issues and problems in M&A and outlines them in the early chapters of the book.

She has also developed a set of recommendations for M&A success, with people and culture experts, as they should be, around the deal table.

Chapter 5, entitled, “Investing in human capital – people make or break the deal,” contains practical advice about imbedding people and culture into the transaction.

Chapter 6, headed “Creating customer value – keeping the momentum,” gives lots of practical ideas on how to sustain success.

Watson emphasises the need to involve people and culture experts on the M&A team from day zero. She emphasises that these may or may not be the HR department and it is essential experienced experts are involved.

The book also outlines the “soothing” effects of good, honest and frequent communication by the CEO, and company in general, throughout the M&A timeframe:

“Staff need to hear the same message, a number of times, in various ways, until it sticks. It is virtually impossible to over-communicate in M&A.”

In Chapter 6 Watson gives enterprise value enhancing advice regarding the importance

of maintaining sales focus – on acquired, acquiring, and combined sales teams during the transactions – driven by her real world observations and supported by case studies.

“He moved quickly to ensure that all salespeople knew what was expected. He gave them clear KPIs, held them accountable, kept the pressure on, and they rose to the occasion.”

This book is a good reflective read and recommended text for anyone involved in mergers or acquisitions. If lawyers, accountants, CFOs, CEOs do read it, and take the advice therein, [“This means you!”] it is likely that M&A success rates down under will improve. But more than that the book offers some wise advice about managing people and culture in general.

ABOUT THE AUTHOR

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