

# How to Ensure the Finance Team Thrives After an M&A

Stephen Wolff

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Q&A

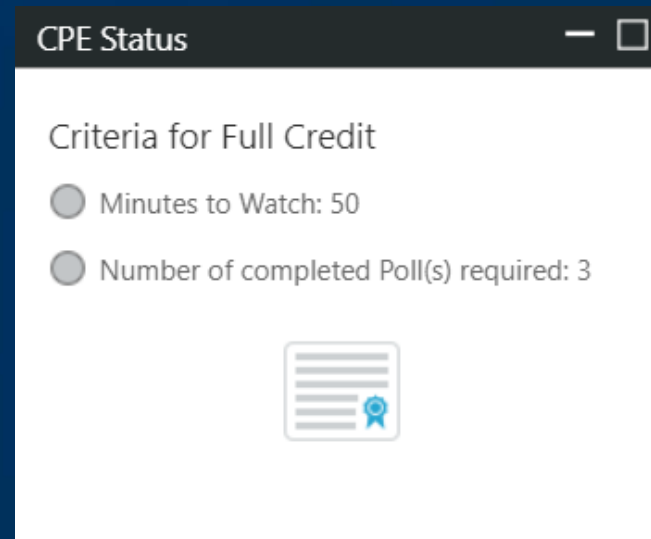
Asking Questions



Help



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# Moderator

**Sue Khawaja**

**Business Development Manager,  
Business Development**

**IMA**



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# Featured Presenter

**Stephen Wolff**  
Managing Partner, Director  
Myers-Holum, Inc.



Myers-Holum



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# Stephen Wolff's Biography

- Stephen Wolff is a Managing Partner and Director at Myers-Holum Inc. (MHI), the award-winning enterprise ERP cloud and data integration consulting firm that just celebrated its 40th anniversary. Stephen helps set strategic and tactical direction at MHI, building solutions for customers that work long term and prepare them for exceptional growth.

# Learning Objectives

1. Identify ways the finance team can provide additional value enterprise-wide and increase business agility.
2. Apply best practices for helping your team embrace change that is necessary after an M&A.
3. Employ key tips for getting the most from your data to take advantage of the next generation of technology.
4. Consider insights and guidance when planning for your next digital transformation project.

# Agenda

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Myers-Holum: Who We Are & What We Do

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Why is this topic important?

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Why am I qualified to talk about this?

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Roles of CFOs & Accounting Teams in M&A

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Observed traits of successful business integrations

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Timing & Leveraging a Systems Transformation around M&A

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Conclusion & Key take-aways

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Q&A



# Poll Question 1:

What is the most important thing for the finance team to get right in an M&A?

- a. Assess the strategic fit for the companies before merger or acquisition
- b. Compare projected performance before and after the transition
- c. Take care of due diligence and demonstrate the value to the shareholders.
- d. Develop a roadmap post-transaction to ensure financial stability and growth
- e. All of the above



# Poll Question 1 Results: (Placeholder)

# Myers-Holum Inc. (MHI): Who We Are



## Founded in 1981

Founded in 1981 by Mark Myers, President/CEO, and Knute Holum, EVP, with HQ in NYC and resources across North America and the world.



## 250+ Consultants

With over 250 NetSuite consultants and developers, MHI has delivery centers in the U.S. and Canada with a robust international presence as well.



## Industry Expertise

Advertising, Energy, Finance, Food & Beverage, Health & Beauty, Insurance, Manufacturing, Retail, Software & Technology, Logistics, Wholesale Distribution



## NetSuite Partner

As an award-winning NetSuite Alliance Partner, MHI has a 100% go-live success rate across our implementation projects.



## Full Service Firm

MHI provides end-to-end technology solutions including ERP implementations, integrations and customizations with a NS-certified team of whom many are also CPAs.

## MHI DELIVERY CENTERS

We have delivery centers across the United States, as well as in Canada, Mexico, Chile, Uruguay, the Philippines, India, Pakistan and Australia, and our expansion into new markets continues to grow. We support Global Implementations.

- ✓ New York, NY (HQ)
- ✓ Boston, MA
- ✓ Washington D.C.
- ✓ Charlotte, NC
- ✓ Charleston, SC
- ✓ Atlanta, GA
- ✓ Miami, FL
- ✓ Nashville, TN
- ✓ Toronto, ON
- ✓ Chicago, IL
- ✓ Austin, TX
- ✓ Dallas, TX
- ✓ Denver, CO
- ✓ Salt Lake City, UT
- ✓ Los Angeles, CA
- ✓ San Francisco, CA
- ✓ Seattle, WA
- ✓ Montreal, QC

# Myers-Holum Inc. (MHI): What We Do

MHI delivers exceptional results in NetSuite deployments, integrations, optimization initiatives, data migration and BI projects as well as managed services.

## ERP IMPLEMENTATION



## DATA MIGRATION & BI PROJECTS



## MANAGED SERVICES



# Why is this topic important?

1. Mergers & Acquisitions (M&As) are commonplace and can offer tremendous benefits: grow market share, increase value shareholdings, add supply chain benefits, diversify products and/or services, increase staff with industry-specific expertise, reduce competition and accelerate growth.
2. M&As also present a host of challenges: retaining key resources, different financial systems and applications, a lack of integration, additional compliance and security issues.
3. Taking specific actions to ensure the M&A goes relatively smoothly and results in the expected benefits means addressing these challenges upfront or as early as possible.



# Why am I qualified to talk about this?

- 100's of ERP implementations over the last 10 years
- Roughly 1/3rd in have spanned M&A
  - Roll-ups
  - Divestments/Carve Outs
  - Acquisitions
  - Ownership Transfers
- MHI maintains relationships with PE In-House Consulting and Interim CFOs
- We work under TSA (Transition Services Agreement)



# M&A: “2021 is shaping up to be incredibly busy”



“Companies across the globe clinched almost \$700bn worth of mergers and acquisitions during the first two months of the year (2021), as consolidation in the technology sector fueled huge deal activity. In February alone, deals totaling \$405.3bn were announced globally, an increase of 45% compared to the same month last year.”

– *Financial News*

# Middle Market M&A is at an all time high...

“As our country continues to get a handle on the COVID-19 pandemic and there is less uncertainty in the economy, business optimism is rising, and pent-up demand and ample cash reserves within middle-market companies may drive M&A activity to reach record levels in 2021.”

“More than half of the businesses surveyed told us they are ‘very likely’ or ‘extremely likely’ to complete an acquisition in the next six months.”

- *Mainebiz* with Chip Kelley,  
KeyBank Market President



## ... But successful M&A outcomes are not

- An analysis by EY of more than 2,000 deals that were completed between 2012 and 2015 showed that over 70% of these transactions actually led to erosion of value in the few years following the acquisition.
- 70%-90% of M&A deals are failures.



# Why do some M&A fail while others succeed?



One of the greatest challenges to a successful M&A is integration in terms of (1) culture, (2) business processes and (3) technology. Success is possible through:

- **Developing a clearly defined process** based on the executive team's jointly-defined set of rules and principals.
- **Assigning an integration manager** to take ownership of the M&A business plan and implementation tactics to make it a success while working closely with the Finance team.
- **Creating clear metrics** for measuring M&A success based on growth potential, market leadership and management teams' plan of action.
- **Monitoring and assessing M&A success must include key indicators** such as operating costs, income and cash generation potential.
- **Standardizing business processes and unifying the technology stack** to facilitate a 360-degree view of the business across companies.

# Highly involved Finance & Accounting teams are critical

“A [survey](#) of 200 global CFOs found that cost and revenue synergies in deals were much more likely to meet targets when the CFO was closely involved in the process.

Some 76% of companies where the CFO was very involved reported their cost synergies were achieved, compared with 46% when the CFO wasn't involved at all. For revenue synergies, the difference was 67% to 32%.”

-Lou Longo, [CFO Magazine](#)



## Poll Question 2:

Have you been part of a post-M&A integration in your career?

- a. Yes
- b. No

# Poll Question 2 Results: (Placeholder)

# Roles of Accounting & Finance Teams in M&A

# How Finance and Accounting teams make the difference

Business leaders can **open the aperture** and view integrations as opportunities for broader organizational and process change. McKinsey recommends that CFOs & Finance teams are in a key position to take the role of:



Transformation Sponsor



Communication Leader



Cultural Role Model

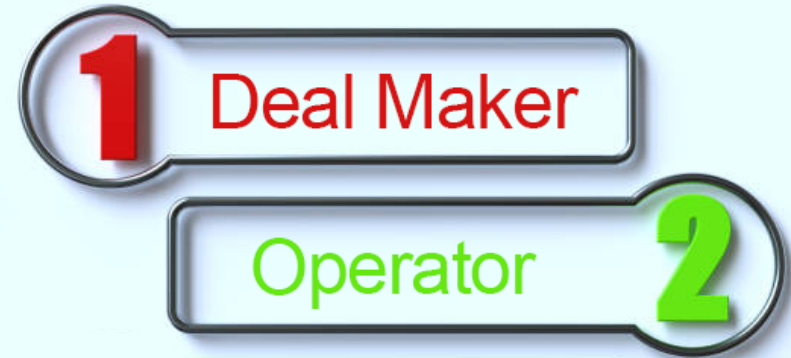
# There are two types of CFOs

- CFOs who strategize and identify deals (**Deal Makers**)

And

- CFOs who operate the business after M&A to a successful outcome (**Operators**)

Interestingly, while most companies have teams focusing on strategy and identifying the right deals, fewer have teams that are dedicated to integration.



# Deal Makers

Offer limited value  
after the deal closes

Fail to focus on  
integration and  
operations

Do not focus on  
achieving the goals  
and synergies  
promised to  
investors

Are not  
management  
oriented

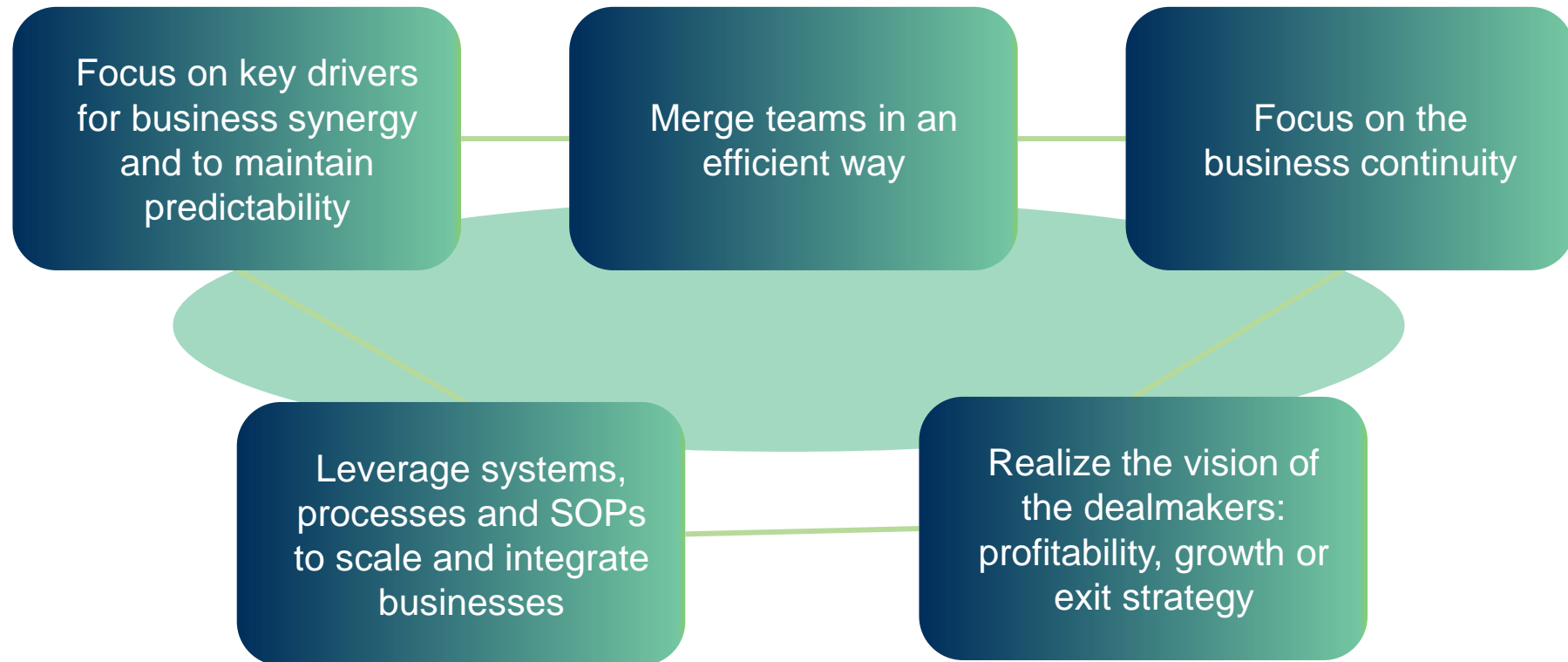
Often come  
from a banking  
or investment  
background

Lack the boots on  
the ground  
experience needed  
to run a team and  
make decisions

Dealmaking is  
often outsourced



# Operators



## Poll Question 3:

What is the most challenging aspect of the post-M&A integration that you expect a company to experience?

- a. Integrating legacy IT systems
- b. Cybersecurity and data protection
- c. Supply chain management and integration
- d. Team culture across companies

# Poll Question 3 Results: (Placeholder)

# Observations from successful M&A scenarios

## SUCCESSFUL M&A SCENARIOS

# Future State finance and controlling processes are defined in advance of business integration

1. How will the new COA be structured?
2. How will the new finance & accounting headcount be structured?
3. Is there opportunity to merge existing processes?
4. How will key reporting be produced?  
On day 1, on day 100?



Future State finance & controlling processes



## SUCCESSFUL M&A SCENARIOS

# IT & Systems Roadmapping is executed before the transaction occurs

1. What systems will be retained?
2. What systems will be expanded?
3. What systems will be deprecated?
4. Are all relevant IT vendors engaged on the required timeline?
5. Is the new entity right-sized for the planned system landscape?

# Business Integration activities are executed in tandem with system and process integration activities

1. Can new implementing new software be used as an opportunity to merge team workflows?
2. What business integration activities are required before embarking on systems integration?
3. Have future state decisions been fully finalized?





## SUCCESSFUL M&A SCENARIOS

# Data retention and access is planned and made available easily to all future state stakeholders

1. How will historical data be structured for producing comparative reporting?
2. How many years of historical data is required for day-to-day operations?
3. Should master data be merged or kept separate?
4. How will we notify customers, partners and vendors of the transition en masse?



# Traits of Successful M&A Outcomes

Excited, enabled staff  
with low attrition

Employees are prioritized and  
aligned to business objectives

Predefined integration plans  
result in measurable success

Objectives are aspirational  
but also, attainable

# Leverage ERP Implementation to Succeed in Business Integration

# Define Future State processes

- ERP provides industry leading practices for standard processes such as:
  - Financial Reporting
  - Order to Cash
  - Procure to Pay
- Leverage existing leading practices as the future state, rather than writing SOPs from scratch





# IT Systems Roadmapping

- Consolidate disparate systems onto less software with more functionality
- Align stakeholders' roles and responsibilities to ERP features and functions
- Reduce manual processes and automate areas such as reconciliation, cash application, invoicing, dunning, AP etc.

# Execute Business Integration with Systems Integration

Allow stakeholders to share information and define future state operations while tackling:

- Business Requirements Workshops
- System Unit Testing
- User Acceptance Testing
- End-User Training





# Retain, Consolidate & Make Key Data Available

- Consolidate historical master and transactional data into a single ERP instance to drive comparative reporting
- Reduce the reliance on existing systems infrastructure
- Consolidate Master Data across Customers, Vendors etc. to provide teams a single source of truth for new jointly-operating business units

## Poll Question 4:

When would be most advantageous to leverage an ERP implementation in relation to a post-M&A integration?

- a. Implement SOPs with future-state ERP before a potential transaction
- b. Determine future state and ERP roadmap immediately after a transaction
- c. Determine future state and ERP roadmap one year after a transaction

# Poll Question 4 Results: (Placeholder)



# Conclusions & Key Take-Aways

# Conclusions & Key Takeaways

1. Finance teams are uniquely positioned to drive the success of business integrations post-M&A.
2. Finance and Accounting teams should drive key operational decision making and execution on integration activities.
3. Implementing new technology such as an upgraded ERP can help drive successful business integration outcomes.
4. ERP planning should incorporate and emphasize all possible future-state M&A scenarios.



# Questions and Answers



**Stephen Wolff**  
Managing Partner, Director  
Myers-Holum, Inc.



**Sue Khawaja**  
Business Development Manager  
IMA

# Thank You to Our Featured Presenter!

**Stephen Wolff**  
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Myers-Holum



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# Final Reminders

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  - Click the link in your post-event e-mail
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