

Buyer Beware!

Lessons Learned from a serial
acquirer

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Agenda

- Introduction
- Why attempt an acquisition?
- What can go right/wrong?
- 10 concepts with lessons learned
- Summary
- Questions and answers

Introduction

- William C. (Bill) Siegel, PE
 - Civil/Geotechnical/Materials Engineer
 - Former CEO of Kleinfelder
 - Part of 20 acquisitions, 5 divestitures
- Recently founded WS Group International, and with Kevin McMahon “McMahon|Siegel Group”



Why attempt an acquisition?

- To add to an organization:
 - Geography
 - Services/markets
 - Clients
 - Talent and Scale
- Fulfill a strategy
- Respond to market changes
- Create value

What can go wrong?

- Poor strategic and cultural match:
 - Talent leaves
 - Dissention festers
- The business doesn't deliver:
 - Earnings below expectations
 - Synergies are not realized
- Unrecognized liabilities assumed

Bottom line.....

- If you do an acquisition, put the time and effort into doing it right. It can be rewarding!!
- Here's 10 lessons learned to help you in your adventure!

#1- It all starts with “Strategy”

- Set your strategy first
- Know what you are trying to do
- Dedicate the resources
- It’s ok to be opportunistic, but stay focused on your plan

- *The case of the “smoking deal”*

FOR SALE

PRICELESS JUNK

SMOKIN' HOT DEALS!



GBA GEOPROFESSIONAL
BUSINESS
ASSOCIATION

#2- Culture trumps strategy!

- Cultural fit is critical, but look beyond the surface for real cultural indicators:
 - Business model
 - Organizational structure
 - Reward systems
 - Quality systems

- *The case of the “remote office”*



#3-Kiss a lot of frogs

- There is nothing wrong with talking to a reasonable number of firms
- Best to take the time to get to the right firm
- Sellers appreciate it as much as buyers
- Networking develops opportunities
- *The case of the “college roommate”*



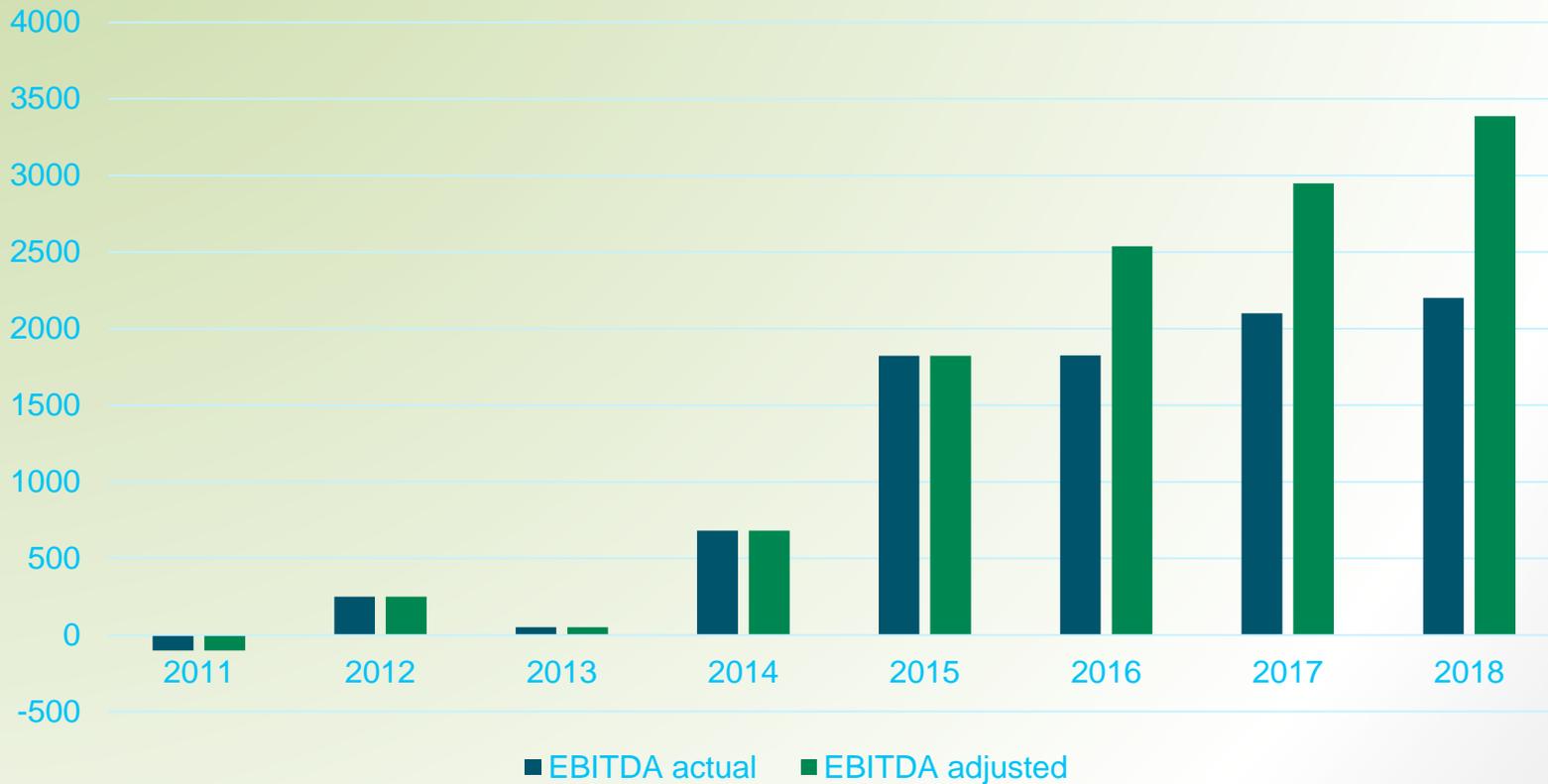
#4- Ask the right questions

- What are the seller's motivations and expectations?
- What are “deal breakers” and “must haves”
- Is the whole team onboard?
- Are they really open for change

- *The case of “Adjusted EBITDA”*

EBITDA...a moving target!

EBITDA over time



#5- Make it a good deal for all

- Focus on a win-win scenario
- Use “earn-outs” cautiously (they hinder integration and are trouble if missed)
- Keep in mind that synergies are real money
- Watch out for hidden costs

- *The case of the “overtime conundrum”*



$$1 + 1 = 3$$



#6- Don't skimp on due diligence

- Money spent on DD pays for itself
 - Don't hesitate to get expert help
 - DD includes culture and attitudes
 - It is very hard to hide something from real due diligence
-
- *The case of the “95% complete project”*



#7-“Good Fences make good neighbors”

- Have a good definitive agreement
 - Document any associated “side deal”
 - Document pre-close communication
 - Don’t let the lawyers ruin it for you!
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- *The case of the “pulled pork”*



BBQ



#8- Put effort into integration

- Assign someone to be responsible
- Best results come from a dedicated effort, and experience
- Understand that every situation is different
- Like marriage, an outside counselor can help

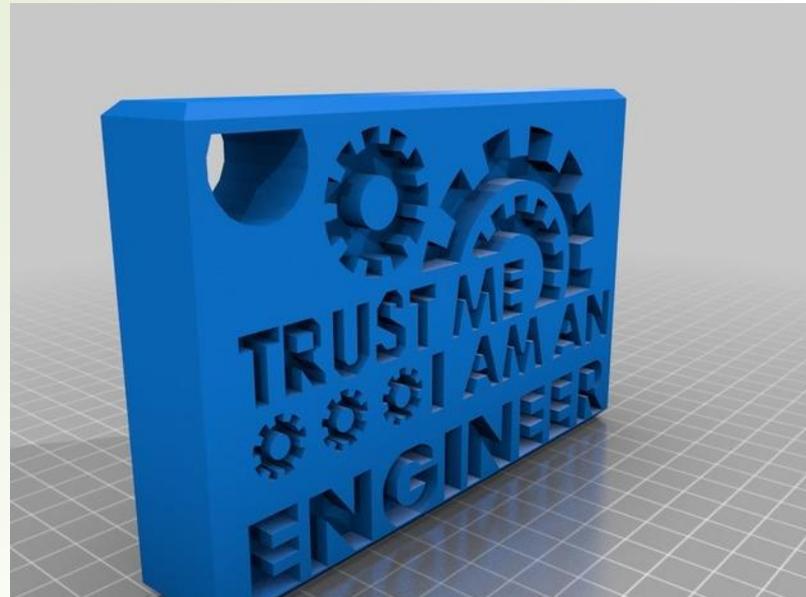
- *The case of “Trust me, I’ll handle it”*

I'm your friendly computer.
Trust me.



TRUST
ME

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#9- Deliver what you promise

- It is easy to get caught up in acquisition fever- promises get made!
- People will remember everything you say
- Don't expect everyone to be rational
- *The case of the “benefit calculator”*



#10- Learn from your (or others) success or failure

- Don't be afraid to do a post-mortem
- Honestly assess what went right and wrong
- Learn from others mistakes
- Understand that not all acquisitions will work out



Learning From Mistakes



**MOST PEOPLE
WOULD LEARN FROM
THEIR MISTAKES
IF THEY WEREN'T SO BUSY
DENYING THEM**

Summary

- Acquisitions can add great value, but are full of pitfalls
- Don't enter into a deal lightly- have a strategy and follow it
- Make sure you are committed to a successful outcome for all
- Dedicate/obtain resources for success

Thank you!

감사합니다 Natick
Danke Ευχαριστίες Dalu
Grazie Thank You Köszönöm
Спасибо Dank Gracias
谢谢 Merci Seé
Obrigado
ありがとう

Questions?

For Further questions or help, please contact us:

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