

# 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!





## #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”*



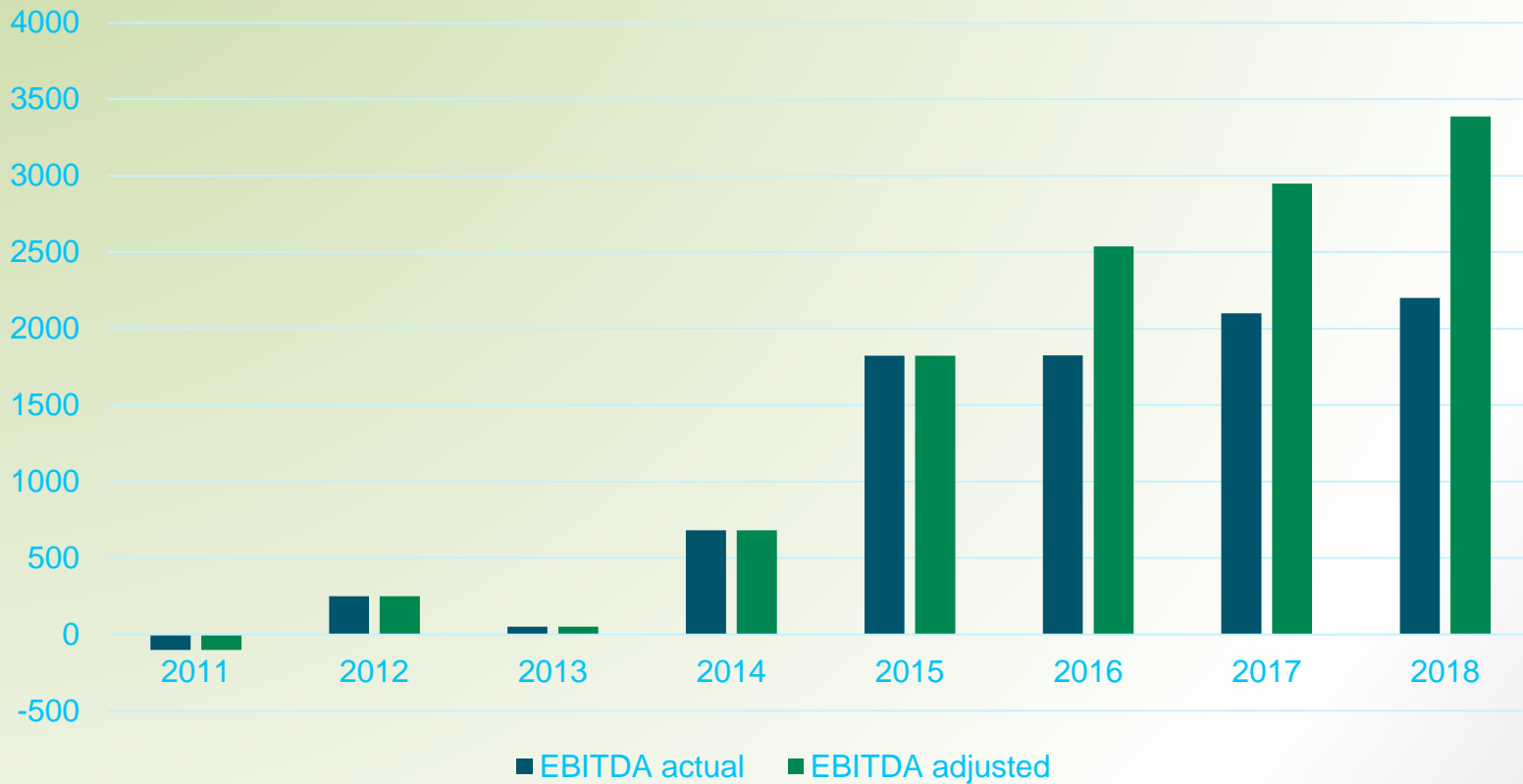


# #4- Ask the right questions

- 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!

EBITA 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

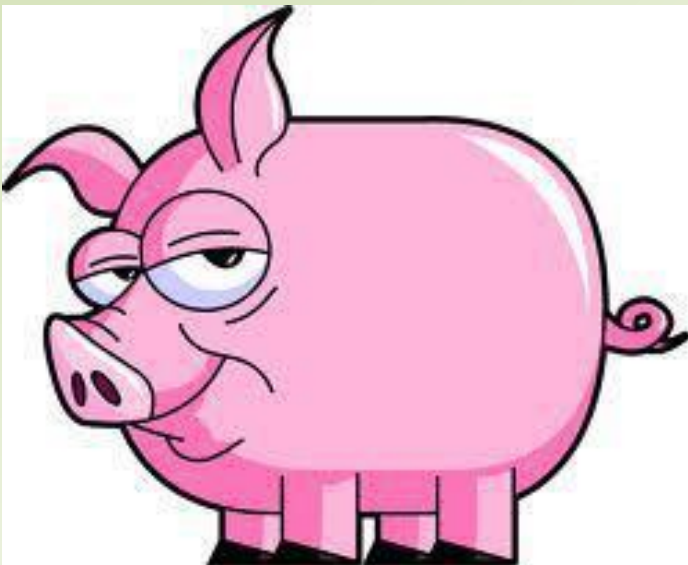
- Money spent on DD pays for itself
  - Don't hesitate to get expert help
  - DD includes culture and attitudes
  - It is very hard to hide something from real due diligence
- 
- *The case of the “95% complete project”*



# #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!
- 
- *The case of the “pulled pork”*





BBQ



# #8- Put effort into integration

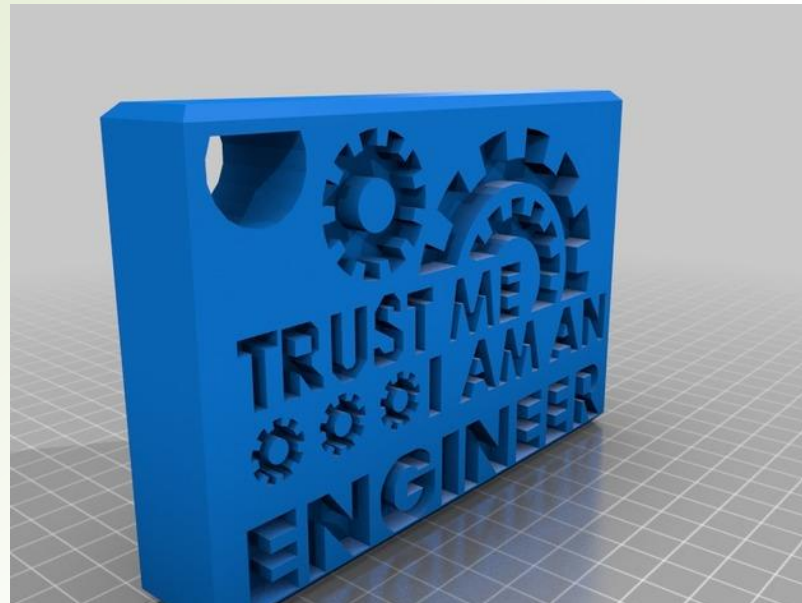
- Assign someone to be responsible
- Best results come from a dedicated effort, and experience
- Understand that every situation is different
- Like marriage, an outside counselor can help
- *The case of “Trust me, I’ll handle it”*

I'm your friendly computer.  
Trust me.



TRUST  
ME

**GBA** GEOPROFESSIONAL  
BUSINESS  
ASSOCIATION





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

# Questions?

For Further questions or help, please  
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