

# **CHALLENGES IN MERGERS & ACQUISITIONS**

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# COMPONENTS

- 1. Context in today's times**
- 2. Blending Cultures**
- 3. Blending Information Processing Systems**
- 4. Managing the transition of purpose, knowledge and institutional behaviour**
- 5. Revising**
- 6. Conclusion / Solution**

## CONTEXT IN TODAY'S TIMES

- It's no secret that mergers tend to fail. According to a KPMG study 83% of mergers do not boost shareholder return. Historically, roughly 2/3rds lose value on the stock market. The motivation that drives mergers can be flawed and, in many cases, the problems associated with trying to make merged companies work are all too tangible.
- Mergers are often driven for the wrong reason: Fear. Globalization, the arrival of new technological developments or a fast changing economic landscape all impact the executives decisions to merge or acquire other companies.
- Mergers can be Strategic (Idea - Vodafone), Tactical (Walmart - Flipkart and Amazon - Future Retail), IBC driven (Ultratech - Binani Cement), Obligatory (ICICI bank - Bank of Rajasthan), Internal Re-organization (LafargeHolcim - ACC Ambuja) and Regulation driven.

# **BLENDING CULTURES**

- **Human Resource Policies**
- **Ethics Policies**
- **Attitude towards Environment, Governance and Social Impact**

# **BLENDING INFORMATION PROCESSING SYSTEMS**

- **Harmonizing Software**
- **Optimizing Hardware**
- **Harmonizing reporting formats and periodicity**

**MANAGING THE TRANSITION OF  
PURPOSE, KNOWLEDGE AND  
INSTITUTIONAL BEHAVIOR (THE 5<sup>TH</sup> RISK)**

**Making the resultant organization sustainable  
forever is the challenge and opportunity**

# REVISING

- **Revising Risk Management Processes**
- **Revising Board Governance Process**
- **Revising Executive Hierarchy Issues**

## **CONCLUSION / SOLUTION**

- **The purpose of a M&A transaction may be irrelevant, however it is vital that the decision makers take intangible factors into account. It's difficult to quantify the human side to mergers, and they are often overlooked.**
- **Typically, CEOs would overlook this aspect because of the notion of being able to rehire employees and managers. However, in the long term this is detrimental to the outcome of the merged organization.**



**THANK YOU**