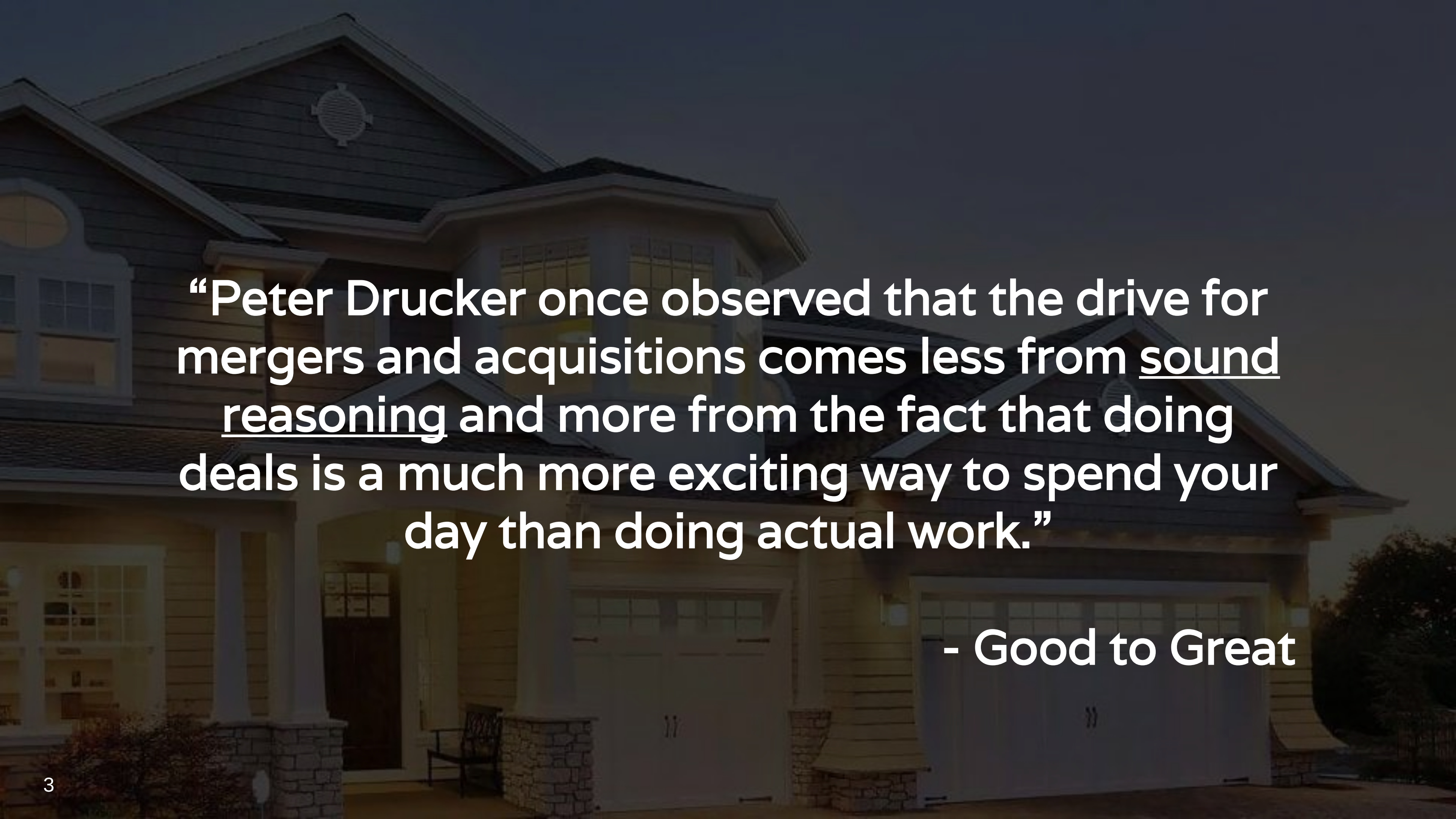
NARPM 2019

gkhouses

questions?



“Peter Drucker once observed that the drive for mergers and acquisitions comes less from <u>sound reasoning</u> and more from the fact that doing deals is a much more exciting way to spend your day than doing actual work.”

- Good to Great

Before the journey: this industry in the future

You don’t have to be big to compete – in fact, there is going to be a place for smaller companies.

If you decide to scale, don’t get caught in the middle – no man’s land.

5 lessons after buying 10 companies

Don’t buy companies to create growth . . .
Buy them to accelerate your growth

Have a strategy . . . Don’t just buy to get bigger

Understand what value is to you

Have a process for diligence and be prepared for challenges

When you close, the work has just begun

Why did the good-to-great companies have a substantially higher success rate with acquisitions, especially major acquisitions?

The key to their success was that their big acquisitions generally took place after development of the Hedgehog Concept and after the flywheel had built significant momentum.

They used acquisitions as an accelerator of flywheel momentum, not a creator of it.

- Good to Great

lesson #1

Buy companies to accelerate your growth.

You need to understand what it is you do better than anyone else.

lesson #2

Have a strategy; Don’t just buy to get bigger.

Tuck-in vs. new market

A B C Class A, B, C

Size/scale relative to your size now

Difference in the markets and their nuances

What’s the market rate?

Measuring risk

New market v tuck in

lesson
#3

Understand what value is to you

lesson #4

Have a process for diligence and be prepared for problems

Scrum - checklist

Underfunded trust accounts

Messy financials

An uncooperative seller – upfront expectations

lesson #5

When you close, the work has just begun.

Onboarding the first 90 days

Accounting and communication

Always complete a postmortem

questions?