

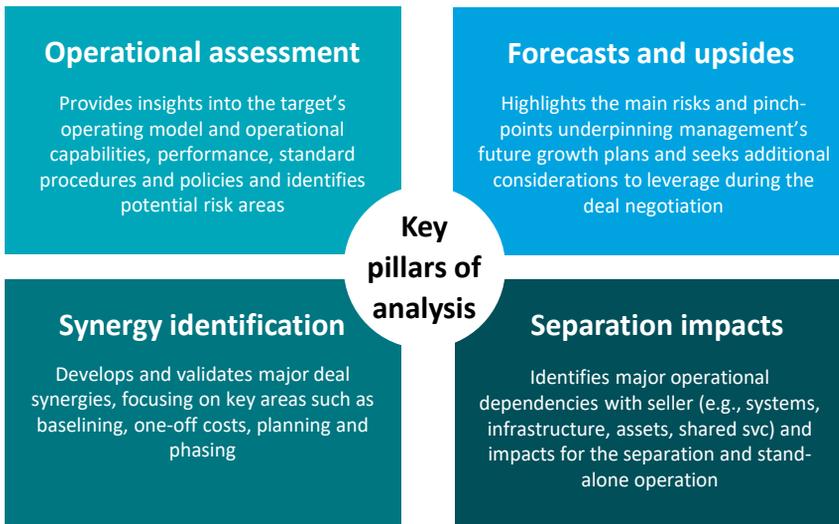


## Introduction to operational due diligence

While financial, tax, and legal due diligences provide the basis to assess the current economic value and inform the SPA to protect the price paid, the operational due diligence (ODD) is more forward looking and answers the question “What are we going to do with it, when it is ours?”. Our ODD approach is very versatile, covering analyses that provide inputs throughout the deal cycle. Given most activities increase after the SPA has been signed, our report is a key input for the integration blueprint and the day-1 check-list.



## Key pillars of our operational due diligence approach



Our approach allows the buyer to gain a deeper understanding of the target’s operations, organizational structure, risks and major considerations for the separation of the business (in case the deal is completed) and its sustainability into the future. Our analyses include the target’s cost base, management’s growth plans, CAPEX requirements, one-time costs and run rate to operate as stand-alone business; business performance and standards (KPIs, SOPs); and synergy validation and identification.

## Benefits of the operational due diligence (non-exhaustive)

- ✓ Identify operational upsides and robustness of the target business
- ✓ Identify actions and investments needed by target management to accelerate value
- ✓ Determine major operational dependencies and one-time costs of separating the target business creation
- ✓ Validate the identified synergies to support deal valuation and identify additional opportunities
- ✓ Understand the target’s historical and current performance and standards procedures, and pressure-test the planned performance improvement savings
- ✓ Validate supply chain capabilities (procurement, warehousing and distribution network and footprint)
- ✓ Determine potential organizational optimization opportunities



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**Venus Kennedy**  
 LatAm & Brazil M&A Leader  
 M&A Consulting Services  
[vkennedy@deloitte.com](mailto:vkennedy@deloitte.com)

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