


In our previous *5 minute reading series* articles, we saw that despite the M&A market downtrend due to the Covid-19 crisis, it is possible to capture opportunities and redefine strategies that guarantee a good sailing through the crisis. But what should we look for in the post crisis? In our last article of the series, we bring you some considerations to help your business adapt to the future scenario.

5 minute reading series  
Deloitte M&A LatAm

Covid-19: A look at the post outbreak M&A scenario

M&A strategy	Target screening	Due diligence	Transaction execution	Integration	Divestiture
<div>STRATEGY &amp; POSITION M&amp;A strategy</div> <div></div> <div><p>The world has changed, and so should we.</p><p>This is a moment where you should consider re-evaluating strategies and use the post crisis to re-center to your core business.</p><p><b>Observe the effects and the data generated by the moments of the crisis as indicators of what works for your business and what are your strengths.</b></p><p>To accelerate growth while re-positioning the company, <b>consider M&amp;A</b> and remember that, at this moment, variable costs are preferred, reducing the breakeven point.</p></div>	<div>MAKE THE RIGHT MOVE Target screening</div> <div></div> <div><p>Use the moment of low stock market to <b>identify and capture opportunities.</b></p><p>Leverage your position using exchange rate fluctuations and the low interest rates to your advantage. <b>Re-focus your company to what you do best</b>, selling what does not make sense keeping, and capture the moment to acquire companies that will accelerate growth with a reduced CAPEX. Move sparingly as the post-crisis will be a delicate moment.</p></div>	<div>KNOW THE ROAD Due diligence</div> <div></div> <div><p>Every company have risks and obstacles to success. On a post crisis scenario the risks will be amplified. <b>Knowing the risks will take you steps ahead on mitigating.</b></p><p>Perform a detailed due diligence of the target including inventory, operational and HR liabilities. Develop a financial analysis that excludes the impact of Covid-19 to understand BAU. Activate tax deferred assets wherever is possible. <b>Negotiate bridges between companies in the direction of a collaborative path.</b></p></div>	<div>EXECUTE FLAWLESSLY Transaction Execution</div> <div></div> <div><p>In order to make the most of the M&amp;A process at this moment, the efforts must be rational and oriented to improve every possible aspect of the company as fast as possible and with <b>minimum investment</b>. Direct your efforts to <b>quick wins on cash synergies</b> and <b>stranded costs reduction</b>. Focus on <b>resilience actions</b> like cash flow management.</p><p><b>Keep your stakeholders in good shape if possible.</b> Also, help your clients and suppliers to go through the crisis – we are all in the same boat.</p></div>	<div>INTEGRATE AND GROW Integration</div> <div></div> <div><p>We may see a decrease of M&amp;A transaction in the short term, but the <b>new world will present opportunities</b> at a lower cost than before the pandemic. If your project is already in the integration phase, push back CAPEX related investments and focus on <b>essential tasks</b>, mitigating unnecessary risks and accelerating financial re-structuring. It is also important to <b>re-evaluate the synergies</b> considering the changes on interest and timing.</p></div>	<div>DIVEST AND RECENTER Divestiture</div> <div></div> <div><p>Use it to streamline your organization, <b>re-centering on the core</b> and adapting to the new scenario of post-crisis. Also, <b>get hold of a divestiture strategy to leverage your financial position</b> but also to identify where there are <b>stranded cost cutting opportunities</b>. Make sure that every step is aligned with your new strategy. Use an efficient communication strategy to <b>avoid unclear purpose</b> and to manage expectations and stakeholders, protecting the Brand.</p></div>



Deloitte has developed a global [methodology](#) to support our clients in being resilient and dealing with the Covid-19 crisis. Visit our [site](#) with exclusive content about the pandemic and for more insights on M&A, please visit our [webpage](#).

With this article, we close our *5 minute reading series* on Covid-19 and M&A. **Thank you for your company. See you soon!**