

Corporate Development 2013

Pushing Boundaries in M&A

Decisions, decisions, decisions

The M&A approval and leadership process

For a swift M&A decision process, Corporate Development teams should establish strategic clarity, executive access, and deal-making credibility.

Ask corporate development professionals how their organizations could be more effective, and the answers may inevitably cluster around improving the deal decision process. Getting deals done efficiently yet prudently is an elusive goal for many teams as M&A transactions frequently cut across multiple businesses, functions, and geographies and create complex decision matrices.

This makes infrastructure and policies vital components of a top-notch corporate deal process. However, setting transactions up for success also means paying careful attention to who is involved in the process, when, and why. The trifecta of strategic clarity, executive access, and deal-making credibility is what translates to M&A velocity, in part because it creates a natural momentum for success.

Corporate development executives looking for ways to add value should capitalize on the strong relationships that undergird the factors that make them valuable to their companies. The survey results highlight the relationship-building imperative, and call for thoughtful consideration of where to focus efforts in this area to enable increased M&A speed and a higher quality of decision making.

75% of survey respondents have well-defined M&A approval processes. However...
Many companies may have a long way to go to extract value from defined M&A decision processes.



33% of respondents indicate that six or more executives or committees must approve a transaction before it is completed



15% must pass it by 10 or more

It is advisable to specifically define the deal process and to align decision-making (decision makers, influencers, and those to be consulted) with the process.

Many companies look to the **Corporate Development** team to influence decision-making up and down the organization.

40% of respondents say the greatest value of the Corporate Development team is its role advising stakeholders

29% cite influencing and aligning stakeholders



The board of directors is a crucial part of the M&A decision process.

54% of respondents indicate that their board must approve all M&A transactions

81% of respondents must receive board approval for deals above... **\$25M**

Corporate Development teams play an important role in driving the decision and approval process, making strong relationships with stakeholders a core need.

60% of respondents rank the relationship with the **CEO** as the most important relationship for an efficient decision process

14% ranked the relationship with the **Business Unit heads** as most important, although significantly higher in larger companies

13% cite the **Board of Directors**



49% of respondents report using an **investment committee** to streamline reviews and approvals and provide the appropriate level of oversight.

Key takeaways

The right people with the right capabilities, namely, judgment and influence, account for some of the "art" of successful acquirers.

Beyond gatekeepers, Investment Committees can play an important advisory role to the deal team, but only when Investment Committee members have the right experience and gravitas within the organization.

- 1 A well-defined M&A process is one thing; honing it, over time and with practice, so it can deliver efficient and innovative transactions is **the** thing.
- 2 Clarification of and adherence to the different roles in decision-making — who decides, who approves, who is merely informed — can remove transaction bottlenecks and non-value added disruption.
- 3 Companies look to the Corporate Development team to influence decision making up and down the organization. Serving in this capacity continues the trend of elevating corporate development executives from deal execution to special advisor to the C-Suite.
- 4
- 5

About the survey

Deloitte surveyed executives involved in Corporate Development decisions at their organizations. The survey was conducted online in April 2013, with 435 respondents, which included Corporate Development executives, C-suite executives, directors, heads of business units or divisions, finance officers, and other deal professionals. With them, we looked at how new technologies have already taken hold, and where they can (and indeed should) have a powerful effect on M&A in the years ahead.

For additional survey insights and a copy of the full Corporate Development survey report, contact Chris Ruggeri, M&A Services leader, Deloitte Financial Advisory Services LLP, at cruggeri@deloitte.com or +1 212 436 4626 or email corpdev@deloitte.com.

For more information, visit: www.deloitte.com/us/corpdev2013.

The statements in this report reflect our analysis of survey respondents' responses and are not intended to reflect facts or opinions of any other entities. All survey data, charts, and statistics referenced and presented, as well as the representations made and opinions expressed, unless specifically described otherwise, pertain only to the participating organizations and their responses to the Deloitte survey.

This publication contains general information only and is based on the experiences and research of Deloitte practitioners. Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte, its affiliates, and related entities shall not be responsible for any loss sustained by any person who relies on this publication.

As used in this document, "Deloitte" means Deloitte LLP and its subsidiaries. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.

Deloitte Corporate Finance LLC ("DCF"), member FINRA, is a wholly owned subsidiary of Deloitte Financial Advisory Services LLP ("Deloitte FAS"). Deloitte FAS is a subsidiary of Deloitte LLP. Investment banking products and services within the United States are offered exclusively through DCF.

Copyright © 2013 Deloitte Development LLC. All rights reserved. Member of Deloitte Touche Tohmatsu Limited