



Boardroom Briefing

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Director Feedback

Thinking over the past five years, has your board's role in your primary company's M&A activities changed?

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The board's role has shifted from passive review and approval of recommendations from management and hired "experts" to one of proactive involvement in the entire M&A process-strategy development through integration. Boards are now asking and demanding answers to the tough questions that result in successful M&A activities:

- 1) Why is the company really interested in a transaction with us? Companies willing to be acquired are willing for a reason—generally not because they feel they have the best strategy, management, products, execution or prospects on their own.
- 2) What happens to the target and what happens to us if we don't do this transaction? If the answer isn't compelling in terms of the business long term, ignoring the stock price, the deal probably isn't worth doing.
- 3) What is the real culture of the target and does it fit with our culture and values? The stories that employees and other stakeholders tell about the target will disclose culture and values, not printed words or management-speak.
- 4) What will cause this merger to fail and how do we minimize the likelihood of those things happening? Protect the downside and the upside will take care of itself.
- 5) What's this deal worth to us? What will we give up in terms of price, board seats, ownership concentration, strategy, management, people, culture and values to get this deal done? Know the answer before the process starts, don't wait until you are caught up in the heat of the deal.
- 6) What are the measures and time frames that will indicate success during the integration of the transaction? The board must know and see the measures, monitor the progress and demand answers early and often during integration. Don't wait until the end to see if you have been successful.