



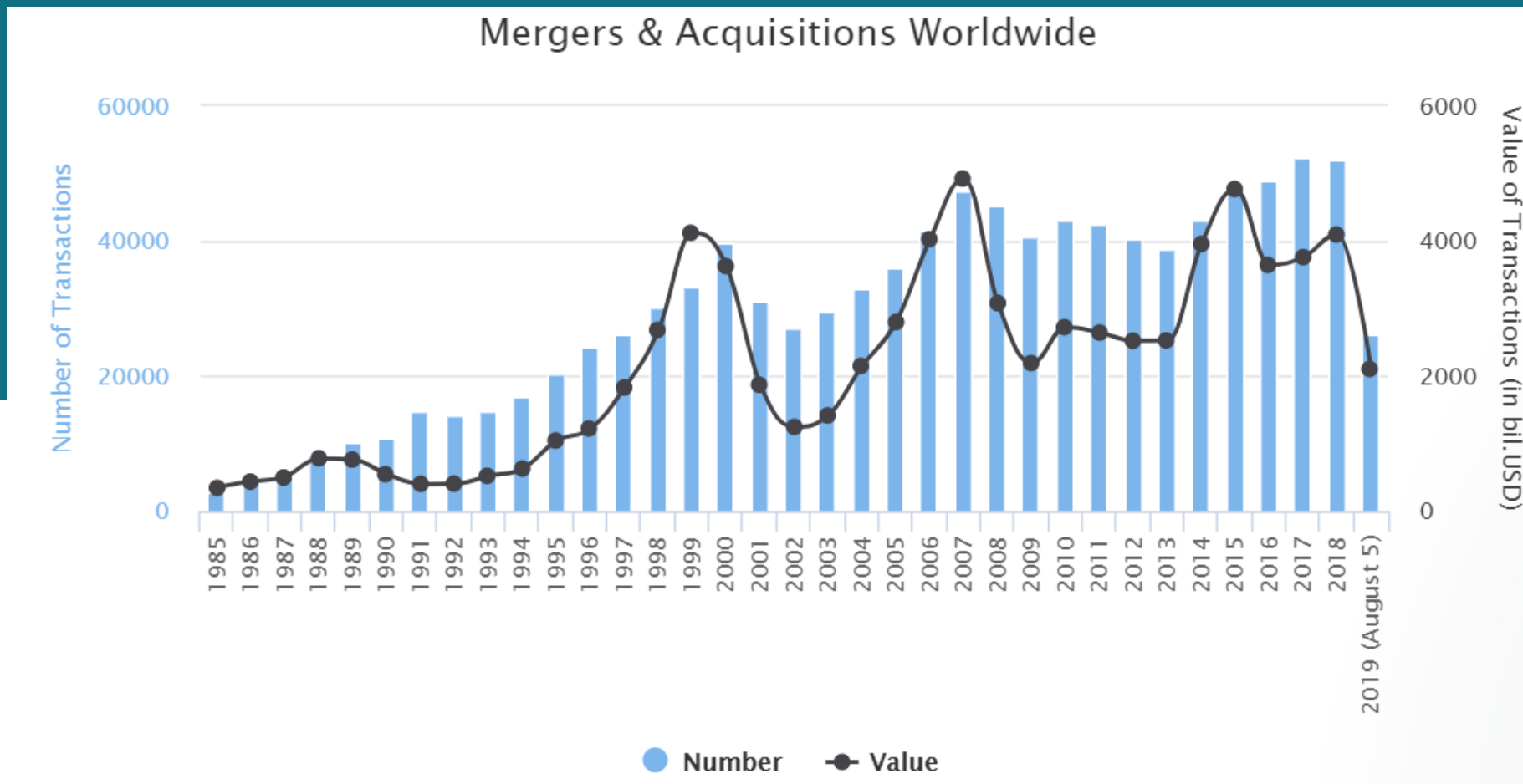
The M&A Success factors

Beyond the financial monomania

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M&A Worldwide Development



Source IMMA institute|| <https://imaa-institute.org/mergers-and-acquisitions-statistics/>

Motivation for the thesis

51,959

*Recorded M&As
in 2018*
(IMMA, 2019)

>\$4tn.

*Volume of M&As in
2018*
(Platt, 2018)

76%

*M&A executives
foresee increase in
2019*

>50%

*Fail to bring
targeted results*
(Catwright & Schoenberg, 2006)

??

*Is the key to
success*

SUCCESS

FAILURE

The Aim:

“What are the factors influencing the outcome success of M&A”

- Beyond the financial aspects - Complexity of M&A
- Take of M&A Advisors – New perspective

What constitutes success in M&A?

“The performance measures themselves are diverse owing to heterogeneous views on what constitutes M&A performance and organization performance.” (Das & Kapil, 2012, p. 292)

- Heterogenous background of researchers introduces diverging views
- *“It is true that the M&A motives vary widely and hence should the measures of M&A performance” (Das & Kapil, 2012, p. 299)*

“Fulfilment of primary motives and/or overall satisfaction with the outcome of M&A.”

Where and how to ask for response?

- M&A advisors are in a unique position of having holistic view of the transaction, thus ability to evaluate the “success”.
- Online distributed survey -
 1. Basic information
 2. The motives of M&A - Ranking
 3. Impact of factors influencing M&A performance – 5-point Likert type answers
 - a) Antecedents
 - b) Moderators
 - c) Human factor



Impact of factors influencing M&A performance

One factor influence

- 1. M&As where Factor A applies tend to be **significantly more** successful
- 2. M&A where Factor A applies tend to be **more** successful
- 3. Factor A has **no or marginal influence** on the outcome
- 4. M&A where Factor A applies tend to be **less** successful
- 5. M&A where Factor A applies tend to be **significantly less** successful

Two mutually exclusive factors

- 1. M&As where Factor A applies tend to be **significantly more** successful
- 2. M&A where Factor A applies tend to be **more** successful
- 3. Presence of A or B has **no or marginal influence** on the outcome
- 4. M&A where Factor B applies tend to be **less** successful
- 5. M&A where Factor B applies tend to be **significantly less** successful

Sample

Country	# of respondents	Company	# of respondents
Czech Republic	6	Grant Thornton	12
Germany	5	EY	3
Belgium	3	KPMG	1
Hungary	2	PWC	1
Poland	2	Nomura	1
Slovakia	2	Non-disclosed	10
United Kingdom	2		
France	1	Years of experience	# of respondents
Bulgaria	1	0-5 years	8
Portugal	1	6-10 years	15
North Macedonia	1	11-20 years	5
Netherlands	1	20+	0
Austria	1		

Evaluation of gathered data

Tendency of influence of a single factor	Interpretation
$\tilde{X} = 1, 2$	Factor influences M&A Success positively
$\tilde{X} = 3$	Factor has no or marginal influence on the M&A Success
$\tilde{X} = 4, 5$	Factor influences M&A Success negatively
Evaluation of two mutually exclusive	Interpretation
$\tilde{X} = 1, 2$	Factor A (over B) contributes to success M&A
$\tilde{X} = 3$	Factor A (over B) has no or marginal influence on M&A Success
$\tilde{X} = 4, 5$	Factor B (over A) contributes to success of M&A

Direction of influence

$Cns(X) \in < 0; 0.5 >$	Insufficient consensus
$Cns(X) \in < 0.5; 0.75 >$	Sufficient (weak) consensus
$Cns(X) \in < 0.75; 1 >$	Strong consensus

Established consensus

Antecedents evaluation

Factor	Median	Mode	Result	CNS(X)	Level of consensus
Domestic or cross-border	2	2	Domestic	0.56	weak
Financial or Strategic	4	4	Strategic	0.77	strong
Dimension of M&A	3	2	No influence	0.69	weak
Concentration of industry	2	2	Positive	0.69	weak
Trendiness of industry	4	4	Negative	0.50	weak
Management holding of common stock	2	2	Positive	0.79	strong
Previous M&A Experience	2	1	Positive	0.76	strong
Concentration of ownership	3	3	No influence	0.68	weak

Moderators evaluation

Factor	Median	Mode	Result	CNS(X)	Level of consensus
Time pressure	2	2	Positive	0.69	weak
Greater Scope of Due diligence	2	2	Positive	0.77	strong
Integration plan at early stage	2	2	Positive	0.84	strong
Cash as a mode of payment	2	2	Positive	0.77	strong
Payment Settlement	3	3	No influence	0.79	strong
Integration Management Office	2	2	Positive	0.76	strong
HR DD	2	2	Positive	0.78	strong
Sofisticated methods of valuation	3	4	No influence	0.67	weak

Human factor evaluation

Factor	Median	Mode	Result	CNS(X)	Level of consensus
Cultural similarity	2	2	Positive	0.77	strong
Dominant personality of CEO	2	2	Positive	0.57	weak
The removal of targets autonomy	4	4	Negative	0.74	weak
Informing employees about M&A proceedings	3	4	No influence	0.70	weak
Personal ties between managements	2	2	Positive	0.58	weak
Difference in Formality	4	4	Negative	0.62	weak
KPIs to long-term performance	2	2	Positive	0.76	Strong
Acquirer's CEO specific Human Capital	2	2	Positive	0.80	Strong

The background of the slide features a low-angle shot of two hands shaking in a firm grip, symbolizing a business deal or agreement. The hands are positioned in the lower-left foreground. Behind them, several modern skyscrapers with glass and steel facades rise into a bright, slightly cloudy sky. The buildings are angled towards the top of the frame, creating a sense of height and ambition. The overall color palette is dominated by the blues and greys of the buildings and sky, contrasted with the warm tones of the handshake and the teal text box.

Take-aways

The results indicate that **forward-looking approach** with focus on envisioning the keen post-acquisition entity backed by **due investigation of the target** are to have positive impact on the outcome of M&As. Further positive influence was found in the **alignment of managers' and shareholders' interests**, either through long-term oriented KPIs or holding of a common stock.

THANK YOU!



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