

Acquisition Readiness Evaluation

Introduction

Firms seeking to grow through a merger or acquisition will generally find a deal that meets their objectives if they have adequately planned and identified their strategic objectives and developed an understanding of their target market before commencing the process. Transition Advisors will conduct a thorough evaluation of the firm's readiness to pursue acquisitions and facilitate the planning process.

Objectives

The objectives of an Acquisition Readiness Evaluation include the following:

- Determine firm capacity to undertake a merger or acquisition including organizational strength in key management (partners), client service teams, and possibly facilities
- Identify the firm's strategic objectives including top-line growth to improve profitability, addition of talent, reaching into new marketplaces, developing service and industry niches, geographic expansion, and strengthening management and succession capabilities
- Define the population of target firms in terms of size and characteristics
- Consider the range of possible deal structures and the ramifications of each
- Ascertain the potential hurdles the firm may be faced with based on the above factors
- Establish the roles that will need to be played and by whom both inside the firm and through consultants such as Transition Advisors (if appropriate) and the process and timelines that should be expected

Process

Transition Advisors will conduct a thorough evaluation of the firm including review of:

- Historical financial and operating results
- Client make-up and service offerings
- Partner group through written documentation and or oral interviews
- Other key associates
- Partnership/shareholder agreement (in the case of anticipated mergers)
- The firm's previous activity with mergers and acquisitions

This data will be gathered through the use of forms and interviews. Following an initial evaluation, Transition Advisors will meet with the firm's management to jointly develop an M & A plan.

The meetings with management are often conducted in the firm's offices and can include just key management or as much as the complete partner group. An abridged version of this project can be conducted over the phone and through electronic communication at a lower cost.

Deliverables

The primary deliverables are:

- Two written reports: Acquisition Readiness Evaluation and M & A Strategic Plan
- Meetings with key management or the partner group during which Transition Advisors will assist the firm with alignment of its strategic objectives and the M & A plan. The M & A plan will provide an opportunity for the firm to develop a keen understanding of what to expect from this effort to pursue growth through merger and acquisition of other firms.