

MAGEE

Integrating YOU, Inc.

for Global Business Wellness

Twelve Lesson's that'll Bite You if Ignored when Merging Your Business with Another

The path to global wellness in your business may be the route of alliance partnerships, collaborations, mergers, or association with other organizations that can exponentially accelerate your business footprint. The lessons of integration are critical for that pathway to succeed. Whether your intentions are altruistic or mere dollar-and-sense, the integration of sides (B2B, B2C, P2P, I2I, or whatever the combined assets are to be) is a dance that must be choreographed smartly from day one and throughout the integration process to ensure the net outcome is one of ethical quality and that no one party naively enters into a lion's den.

Here are twelve lesson's that are not at the MBA level and which most M&A professionals are clueless about. Consider some of the Lesson's Learned from my personal work with Fortune 100 Firms, Government Agencies and private Businesses as a check-list of before entering your next merger or alliance:

1. **Lesson** - Are "Your" and the "Other Party's" involved in the intended new alliance/merger of similar Values, Mission and Vision Statement standards? If not, this should be a red flag for conversation or it may very well come back to bite you!
2. **Lesson** - Do you or any one Party want the new alliance more so than the other person(s)? If so why? Make sure you talk this through with all Parties and if any one person is hesitant that may very well come back to bite you!
3. **Lesson** - Before entering into any new alliance or before any one person actually moves from one geography to another to be a part of the new alliance, are all Parties equally vested into the future success? Does the move really serve both parties professional and or personal long term objectives? If at any point something seems one sided that again should be a red flag for conversation or it may very well come back to bite you!
4. **Lesson** - Have you actually vetted the Parties involved or are you making this alliance merger based upon emotion, a honeymoon relationship, or a different situation that may cause different personalities types to surface in a new venture endeavor? If you have not vetted, this should be a red flag for conversation or it may very well come back to bite you!
5. **Lesson** - Just as you should provide all others with your credentials/vita/resume, you should also get all the Key Players, Equity Owners, Executives, Leadership Team, or other Key Stakeholder's credentials that will be a part of the alliance or merger and vet to ensure that all of the individuals are who they say they are. It is critical that you know what the human capital abilities are of all individuals that can be drawn upon for success. Conduct an internet search to ensure that all Parties are who they say they are or even consider leveraging a third party to do a background check? If someone's credentials don't check out, or if someone has lied about their employment history, this should be a red flag for conversation or it may very well come back to bite you!
6. **Lesson** - Request a copy of all Parties "certified" financials (Daily AP/AR, Monthly AP/AR, year-to-date comparisons) for the past several years, explore where their money really goes, how people have been compensated, and what the financial trends have been and are presently. Make sure you actually talk one-on-one with the CFO (or equivalent) of the merger to be organization. Talk with their outside CPA firm for forensic validation to what you have

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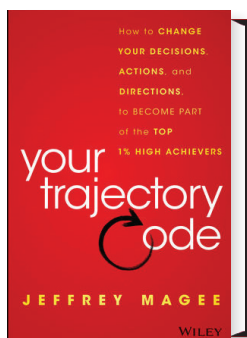
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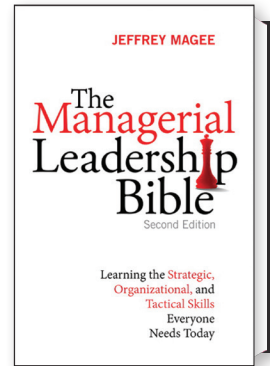
been provided and to what you believe is the business merger to be conducted. Get everything in writing and email document everything. If you do not have these or can't get these, this should be a red flag for conversation or it may very well come back to bite you!

7. **Lesson** - Request a copy of all Parties "certified" financial Audits for the past several years. If you do not have these or can't get these, this should be a major red flag for conversation or it may very well come back to bite you!
8. **Lesson** - Conduct an internet search by going to Government and County on-line public records to see if there is pending or past litigation matters with the other Party(s)? Do this for the County (zip code) the other Party operates out of. Do this for the County (zip code) the other Party is Incorporated out of. And do this for the County (zip code) the other Party's Accounting Firm-of-Record operates out of if different than previous locations. Make sure you cross reference every possibility that you can imagine. Trust yet verify as former President Ronald Regan once said, and a measure of pre work may save countless problems later. This should be a red flag for conversation or it may very well come back to bite you!
9. **Lesson** - Review the HR employee roster to determine what the turn-over rates are in the hourly and salaried personnel for the past several years is or has been? Evaluate how the owners treat their most loyal and senior colleagues/employees, and how



they exit retiring members of the organization, this is a true barometer of what you can expect from their existing culture. Conduct an HR audit to determine the HR Capital talent level, remember that a merger is more than brick-and-mortar and inventory, it is the intellectual capital and connectivity as well. This should be a red flag for conversation or it may very well come back to bite you!

10. **Lesson** - This one is very non PC. If a key stakeholder, Individual/Party in the context of the business workplace alliance (exception would be if the merger or alliance is of religious entities) carries their religion or religious views as a dominant public placard, RUN! For thirty years I have found this to be a mask for very troubled and deceitful individuals. I would like to be found incorrect with this judgement, but reality has never proven this observation to be incorrect with businesses-politicians-community activists-or businesses, this will come back to bite you! I am not stating people of honor are not spiritual or religious, I am stating in the business marketplace if people start out with religion as their GPS and want you to assume their belief system, then be cautious. This is not to say that one can't have personal private religious convictions that drive their integrity and actions ...
11. **Lesson** - If the other Party is one that is in a business that purports to have business transactions that dictate that they would be paying sells/use tax, payroll tax, IRS taxes, do a check with all associated legal entities, governmental agencies and ensure that the other Party has in fact been doing so and is in good standing. Remember, if you forge an alliance, the other Party's history will become your reality, and that will be your future obligation and reputation. This should be a red flag for conversation or it may very well come back to bite you!
12. **Lesson** - Always be mindful at any point in the courtship or infancy of the alliance merger if any key stakeholder



puts you into a position of keeping secrets from other key stakeholders, you are dealing with very disingenuous people and you will always be the one that gets bite in the end. Time for a major conversation or immediate CYA and exit strategy deployment!

13. **BONUS LESSON** - Evaluate how the key stakeholders in the business enterprises treat their most veteran employees and how they treat their spouses and families, this will be a direct line correlation as to how you will be seen and treated in your new blended business relationship or enterprise - guaranteed, history does repeat itself!

Just as more than 50 percent of American's in this global community are not married today, more than 50 percent of marriages today end in divorce (according to the American Catholic Archdiocese). And more than 80 percent of start-up businesses do not survive their fifth birthday (according to the US Chamber of Commerce), as well as 75 percent or Merger & Acquisition deals implode within three-to-five years (according to Deloitte), you do not want to have best intentions of an alliance partnership end in an ugly separation.

Always make sure you have an exit strategy (prenuptial) to a business alliance, that the agreements are vetted, and that it is legally binding. Imagine if you began with the end in mind, the exit solution clearly mapped out, then integrating YOU, Inc. for global business wellness would be healthy and then these twelve Lesson's will not bite you!