Case Example | Deep Organizational Due Diligence

Humatica's organizational due diligence of a mid-market acquisition target quickly enabled investors to clearly understand embedded organizational risks, materially reduce the transaction price, and prepare the post-deal, value creation action plan.

BACKGROUND & CONTEXT

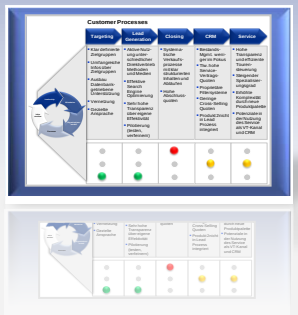
- B2B products and services
- High profitability
- Stable growth story
- Secondary buy-out
- Starting to miss business plan targets, reasons unclear
- Strong founder figure left firm

INSIGHTS

- Unclear leadership because of departed founders' strong influence on management team
- Strong 2nd line leadership in lower/middle management
- High, but addressable organizational risks in sales (i.e. single account rep customer control, lack CRM)
- Much more aggressive sales management practices needed to grow the market – too heavy focus on milking rather than winning

RESULTS

- Fact-based view on organizational issues deeper in the organization, and within critical business processes needed to execute the business plan
- Identified key organizational risks and the required investments to resolve them
- Negotiated price reduction based on strong, fact-based understanding of risks
- Running-start on performance improvements post-deal based on the organizational due diligence roadmap

HUMATICA APPROACH

- Structured interviews on the key management and leadership processes at different levels in the organization
- Benchmark organizational aspects of the core business processes against best practice companies
- External interviews – i.e. customers, suppliers, partners, …
- Assess risks, potential impact and mitigating measures
- Define roadmap with key actions after closing