

Unlocking value creation

ODD can unearth risks that could threaten the feasibility of your investment plan. Risks may arise in scaling the current operating model effectively, in a lack of alignment across the business, or from supply-side constraints in resources or skills required to deliver the post-deal plan. Through identifying these challenges pre-acquisition, ODD supports both pricing decisions and identifies priority areas for remediation, thus setting a realistic baseline and speeding up the timeframe to value creation.

ODD scope and assessment

The startpoint for ODD has to be the current business strategy, along with any key strategic shifts envisaged to drive the post-acquisition plan for value enhancement. Those strategic shifts should then be examined through both an external and internal orientation.

The external orientation should consider customers, the proposition to attract them and the channels required to capture the addressable market. For example, can the plan be achieved through serving the same customers, or is there a need to break into new markets and segments? Is the current proposition extensible to attract and serve the new customer base, or are enhancements required? Is the current channel mix appropriate, or will you need to build and operate additional channels to market?

The shifts identified in external orientation give clues as to where internal operations will be impacted, and hence where potential risks reside. Underpinning the risk assessment are the core competencies that the target operates today. Are these competencies well-articulated and do they drive value creation now and in future? Does the business align behind these competencies in terms of organisation design, in-house skills development, ways of working and IT systems? If new competencies are required, can these be grown organically or must they be acquired?

The answers to these key questions should be the focus of ODD, and room created in acquisition pricing and post transaction planning to deal with the responses. Otherwise, you risk being caught down the blindside.

