

Suzie Trigg, Dan Malone, Megan Gess and Joanna Pearce in Food & Drink Magazine: Post-Acquisition Integration in Food Company M&A

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Headlines continue to talk about big-name, high-dollar mergers and acquisitions (M&A) activity in the food industry. In 2018 and 2019 alone, major players like Campbell's Soup, Kellogg, General Mills, Hershey's, and Conagra Brands made multi-billion-dollar purchases within the industry. But what happens when the shine wears off and the company is left with what it bought? Not all investments are created equal, and with startup food companies continually pushing regulatory and legal boundaries with novel ingredients (e.g., cannabidiol, or CBD), products that might be misclassified as dietary supplements instead of conventional foods, or loose and informal manufacturing arrangements, preparing for post-acquisition integration is becoming more critical to the long-term success of the transaction.

What is Post-Acquisition Integration? It is the process by which a company integrates a purchased target company into its existing structure following a deal. The process can be lengthy and labor-intensive but the benefits—both financial and cultural—can be immense. Effective integration begins well before closing. Waiting until after closing to approach the integration process can yield disappointing results. Instead, the entire M&A deal process should be performed with an eye toward enabling efficient integration. This begins with due diligence, as the diligence stage of a transaction is where a purchaser can best detect, value and prepare for potential issues that could hinder the integration process after a transaction has closed. ...

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