

Overview:

Strategy Driven Transactions Program



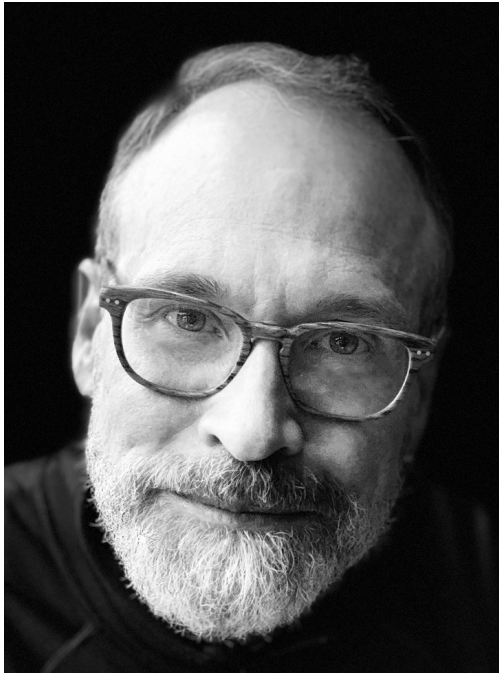
Tom Nodine, Managing Partner

Strategy Driven Transactions Program: Executive Summary

- Transactions are a critical means of achieving strategic objectives, but often fail to create value for acquirers. To increase your success, Corporate Transformation Partners conducts **Strategy Driven Transaction** programs to strengthen the knowledge and skills of your M&A team
- Our program helps your team develop the knowledge and skills necessary to conduct value creating transactions
 - We **cover the entire transaction process** from strategy through integration and value capture
 - We **leverage the best thinking** from experts in finance, valuation, strategy, and negotiations
 - We **utilize best practice** frameworks and tools that evolved from decades of experience
 - We **incorporate practical examples** and cases to build the skills your team will need to succeed
 - We **customize your program** for your industry, strategy, transactions, processes and culture and deliver it in person, over the web or in any combination
- Our founder, Tom Nodine, is uniquely qualified to design and facilitate these programs. He has:
 - **Served as lecturer and program developer** for the top public M&A education program
 - **Led corporate development, strategy and innovation** for two Fortune 300 companies
 - **Served as a senior partner in top consultancies** advising firms on their transaction strategies and processes

We'd welcome the opportunity to explore whether the Strategy Driven Transaction Program could help you achieve your objectives

Our founder is uniquely qualified to facilitate the Strategy Driven Transactions Program



Tom Nodine
Managing Partner,
Corporate Transformation
Partners, LLC

Qualifications

- Former lecturer at “Merger Week”, the foremost public M&A education program
- Led corporate development / strategy at two Fortune 300 companies where he led transactions of all types and sizes
- Has served as a senior partner at multiple top consultancies focusing on transactions, strategy, valuation and innovation
- Led Executive and Consultant Education for major consultancies and has decades of experience designing, developing and delivering customized training programs
- Has collaborated closely with renowned experts in finance, valuation, risk, international transactions and negotiations
- Received a Masters in Management Degree with distinction from the J.L. Kellogg Graduate School of Management where he also completed study towards a Ph.D. in Finance
- Holds a Chartered Financial Analyst (CFA) and Bachelors degrees in Physics and Music from the University of California

See Mr. Nodine’s full profile on LinkedIn

Transactions of all types will remain a critical means of achieving strategic objectives and creating value

Common Transaction Types

Mergers & Acquisitions

Joint Ventures

Equity Investments

Partnerships

Divestitures

- To succeed, your team needs to develop transaction skills
 - Understanding strategic rationale for business combinations
 - Identifying appropriate targets / partners
 - Selecting appropriate transaction types
 - Valuing targets and deals
 - Structuring and negotiating deals
 - Planning for, and executing integration efforts

CTP's Strategy Driven Transactions Program is designed to help your team develop critical transaction skills

To realize these opportunities businesses are enhancing their skills to identify, execute and create value from transactions

- **Transactions are a team sport**
 - “Deal People”, “Business People”, “Functional and Other People” must all know their roles and how they contribute to making the right decisions and taking the right actions
 - There must be a common process and language for the team to perform well
 - People playing each role must have the right skills to execute effectively

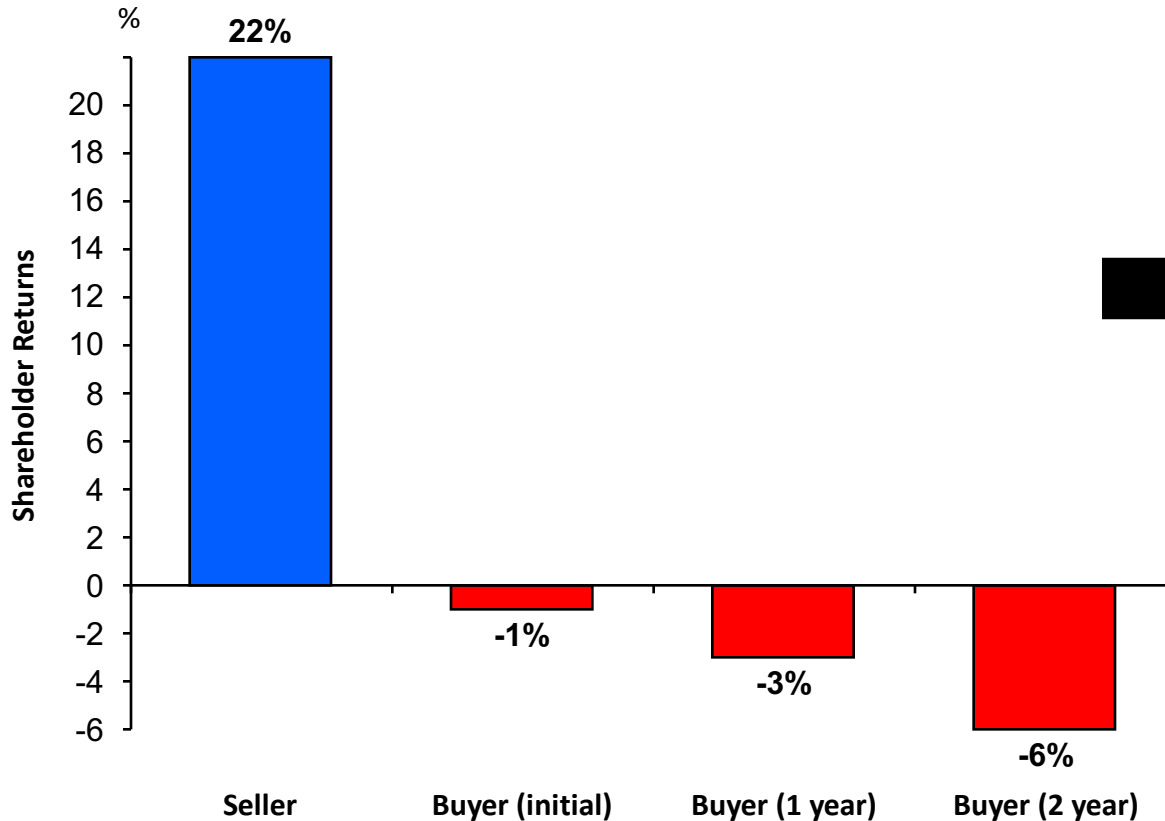
- **Your managers might be in the best position to:**
 - Pro-actively identify targets with good strategic fit
 - Know the target’s products, operations and customers
 - Assess what synergies might be realized and what would be involved in realizing them
 - Identify key risks and how they might be mitigated
 - Know target leadership and what non-business factors might impact a potential transaction

- **Your team must be ready to serve key transaction roles**
 - Transaction Manager
 - Integration Leader
 - Team Member
 - Subject Matter Expert



However, creating value from transactions can be difficult

Average Returns from Acquisitions



We will solve this mystery

Note : 572 M&A global deals were analyzed, in cases where both companies were public at the time of transaction, the size of the transaction was at least US\$500 million, and the acquirer continued to remain public two years after the transaction was announced. *First Column* represents the premium paid by buyer over the previous-day market price of the seller; *Second Column* is the % change in buyer's share price 10 days before the deal was announced vs. 10 days after the deal announced (index adjusted); *Third and Fourth Columns* are the % change in buyer's share price 10 days before the deal was announced vs. 1 year and 2 years respectively after the deal was announced (index adjusted)

Source: Bloomberg

Fortunately, there are plenty of things that you can do to shift the odds in your favor

Elements of Successful Transactions

Elements	Outcomes	Key Questions
Right Objective	<ul style="list-style-type: none"> • Enhance competitive position vs. “do better” • Value growth vs. growth in Sales or Earnings 	What are we trying to achieve?
Right Segments	<ul style="list-style-type: none"> • Clear “Gameboard” • Prioritized areas to compete 	Where should we focus?
Right Strategy	<ul style="list-style-type: none"> • Clear “way to play” and “right to win” in each segment 	How will we win?
Right Process	<ul style="list-style-type: none"> • Clear, pro-active steps • Effective job aids, frameworks and support 	How will we pursue transactions?
Right Organization	<ul style="list-style-type: none"> • Clear structure, governance, roles and responsibilities • Right people involved at the right times • Right incentives 	Who will do it?
Right Target	<ul style="list-style-type: none"> • A unique combination of capabilities you seek • Solid information for benchmarking potential targets • Prioritized list of targets 	Who should we buy?
Right Price	<ul style="list-style-type: none"> • “Stand alone” target value • “Walk away” price • Value to alternative bidders 	Can we create value?
Right Implementation	<ul style="list-style-type: none"> • Necessary capabilities developed • Effective integration • Metrics and monitoring in place 	Can we realize the benefits?

Strategy Driven Transaction Program Objectives

- 1. Become familiar with the process used to identify, evaluate, negotiate and integrate transactions**
- 2. Be able to link key transaction decisions and activities to the goals of enhancing competitive position and creating value**
- 3. Understand the tools, frameworks and language for evaluating transactions**
- 4. Develop and enhance skills in each part of the transaction process**
- 5. Know the resources and support available for undertaking transactions**

The Strategy Driven Transactions (SDT) program focuses on ten core transaction questions and the analysis that is done to answer them

Key Transaction Questions		Frameworks and Analyses
1	How will a transaction help us achieve our goals?	<ul style="list-style-type: none"> • Strategy Driven Transactions • Transaction “Gameboard”
2	How will we work together to conduct transactions?	<ul style="list-style-type: none"> • Transaction Roles • Processes & Tools
3	Which companies might be good targets?	<ul style="list-style-type: none"> • Strategic Fit • Search and Screen
4	What synergies might be created?	<ul style="list-style-type: none"> • Synergy types: Common, Unique, Buyer, Seller, etc. • Due Diligence
5	What is the target worth to us and to other potential bidders?	<ul style="list-style-type: none"> • DCF Valuation (Domestic and Cross-Border) • Multiples and Transaction Analyses
6	What risks are involved?	<ul style="list-style-type: none"> • Cost of Capital Analysis • Sensitivity, Scenario and Simulation Analyses
7	What type of transaction would make sense and how should it be structured?	<ul style="list-style-type: none"> • M&A vs. Alliance, JV and Equity Investment • Assets vs. Stock Purchase • Cash vs. Stock Payment • Fixed vs. Contingent Payments
8	How should the target be integrated?	<ul style="list-style-type: none"> • Approaches: Absorb., Preserv., Symbiosis, Holding • Planning: Team, Roles, Activities and Timing • Implementing: Communic., Value Capture, Tracking
9	How should we prepare for and implement negotiations?	<ul style="list-style-type: none"> • Planning: Interests, BATNAs, Bidders, Strategy, Team • Implementing: Negotiations Management Framework
10	How should we assess target performance?	<ul style="list-style-type: none"> • Financial, Bus. Continuity, Integr’n, Strategic Benefits • Value, Economic Profit and Other Analyses

Strategy Driven Transactions Program Sections

1. Introduction and Objectives
2. Creating Value with Transactions
3. Organizing for Transactions
4. Assessing Strategic Fit
5. Exercise: Strategic Fit
6. Mapping Synergies
7. Exercise: Synergies
8. Conducting Due Diligence
9. Valuing Transaction Targets
10. Exercise: Valuation
11. Understanding Risk and the Cost of Capital
12. Exercise: Risk
13. Valuing International Transactions
14. Selecting a Transaction Type and Structure
15. Exercise: Transaction Type
16. Merger Integration
17. Exercise: Integration
18. Measuring Transaction Performance
19. Decision Making in Transactions
20. Negotiating Transactions
21. Exercise: Negotiation Planning
22. Exercise: Capstone Case
23. Case Debrief and Program Summary

CTP uses a proven framework for identifying value creating competitive strategies, and the transactions and innovations necessary to realize them

The "Strategy Driven" Framework

1 What are the key bases of competition across all competitors?

2 Where do we stand today?

3 What unique combination of capabilities will allow us to "win"?

Bases of Competition	Current Position	Future Position	Unique Capability Gaps	Strategic Innovation	Transactions
1. Scale	-	0	✓		X
2. Operating Efficiency	-	+	✓	X	
3. Product Breadth	-	0	✓	X	
4. Pricing	0	0			
5. Service Quality	0	+	✓	X	
6. Customer Relationships	+	+			
7. Brands	0	+	✓		X
8. Legacy Systems	0	-			
9. New Technologies	-	0	✓		X
10. Data and Analytics	0	+	✓		X

6 Which gaps can best be filled via transactions and partnerships?

5 Which gaps can best be filled through internal innovation?

4 What capability gaps will we need to fill to get there?

The SDT Program leverages best practice frameworks and tools to identify, evaluate and realize value creating transactions

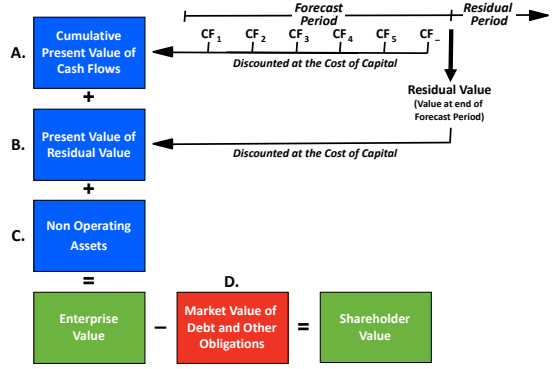
Competitive Strategy

Step	Question	Frameworks, Analyses & Tools
1	Segmentation	<ul style="list-style-type: none"> Dimensions of segmentation framework Shared costs analysis
2	Segment Attractiveness	<ul style="list-style-type: none"> Country, platform and product attractiveness Segment sales, profits & value creation tools Segment trends and impacts analyses Porter 5 forces framework
3	Competitive Analysis	<ul style="list-style-type: none"> Bases of competition framework Benchmarking analysis tool Porter value chain & SWOT analyses
4	Strategy Development & Selection	<ul style="list-style-type: none"> Common "Rights to Win" and Strategic Fit frameworks DCF valuation tool Capital adequacy analysis Risk analysis framework and tool
5	Strategic Initiative Identification & Prioritization	<ul style="list-style-type: none"> DCF valuation tool Risk analysis framework and tool Strategy Driven Innovation framework Strategy Driven Transactions framework

Strategy Driven Transactions

Key Transaction Questions	Frameworks and Analyses
1 How will a transaction help us achieve our goals?	<ul style="list-style-type: none"> Strategy Driven Transactions Transaction "Gameboard"
2 How will we work together to conduct transactions?	<ul style="list-style-type: none"> Transaction Roles Processes & Tools
3 Which companies might be good targets?	<ul style="list-style-type: none"> Strategic Fit Search and Screen
4 What synergies might be created?	<ul style="list-style-type: none"> Synergy types: Common, Unique, Buyer, Seller, etc. Due Diligence
5 What is the target worth to us and to other potential bidders?	<ul style="list-style-type: none"> DCF Valuation (Domestic and Cross-Border) Multiples and Transaction Analyses
6 What risks are involved?	<ul style="list-style-type: none"> Cost of Capital Analysis Sensitivity, Scenario and Simulation Analyses
7 What type of transaction would make sense and how should it be structured?	<ul style="list-style-type: none"> M&A vs. Alliance, JV and Equity Investment Planning: Team, Roles, Activities and Timing Assets vs. Stock Purchase Cash vs. Stock Payment Fixed vs. Contingent Payments
8 How should the target be integrated?	<ul style="list-style-type: none"> Approaches: Absorb, Preserve, Symbiosis, Holding Planning: Team, Roles, Activities and Timing Implementing: Communicate, Value Capture, Tracking
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10 How should we assess target performance?	<ul style="list-style-type: none"> Financial, Bus. Continuity, Integr'n, Strategic Benefits Value, Economic Profit and Other Analyses

Discounted Cash Flow Valuation



Strategy Driven Framework

Question	Bases of Competition	Current Position	Future Position	Unique Capability Gaps	Strategic Innovation	Transactions
1. What are the key bases of competition across all competitors?	1. Scale	-	O	✓	X	X
2. Where do we stand today?	2. Operating Efficiency	-	+	✓	X	X
3. What unique combination of capabilities will allow us to "win"?	3. Product Breadth	-	O	✓	X	X
	4. Pricing	O	O			
	5. Service Quality	O	+	✓	X	
	6. Customer Relationships	+	+			
	7. Brands	O	+	✓		X
	8. Legacy Systems	O	-			
	9. New Technologies	-	O	✓		X
	10. Data and Analytics	O	+	✓		X

Annotations: 'Which gaps can best be filled via transactions and partnerships with external providers?' points to the 'Transactions' column. 'Which gaps can best be filled through internal innovation?' points to the 'Strategic Innovation' column. 'What capability gaps will we need to fill to get there?' points to the 'Unique Capability Gaps' column.

Synergy Mapping

Synergy	Source	Size	Timing	Probability	Common/Unique
Market Share Expansion in Sauces	Buyer Creates Within Target	Large	1-2 yrs.	50%	Mostly Common
Innovation into Adjacent Categories	Buyer Creates Within Target	Medium	1-2 yrs.	40%	Mostly Common
Implement Processing Best Practices	Buyer Creates Within Target	Medium	6 mo.	80%	Mostly Common
Distribution Severance and Restructuring	Dis-Synergy	Medium	6 mo.	100%	Mostly Unique
Transaction Costs (Incl. Advisors, Start-up & Integration)	Dis-Synergy	Small	0-12 mo.	100%	Common
Increase Sale of CFB Portfolio	Target Creates Within Buyer	Large	6 mo.	80%	Mostly Unique
Tax Savings (VAT and Deferred Taxes)	Target Creates Within Buyer	Medium	1 mo.	100%	Common
Freight Cost Reduction to CFB Portfolio	Target Creates Within Buyer	Small	3 mo.	100%	Mostly Common

Valuation Toolkit

Welcome to the Target Valuation Toolkit. This workbook is designed to help you assess a Target's value and the price that must be paid to buy it. It contains several worksheets:

- Control
- Target Forecast Entry
- Peer Group K (Cost of Capital)
- Target Stand-Alone Valuation
- Stand-Alone Valuation
- Synergy Entry
- Synergy Control
- Synergistic Valuation
- Sensitivity Analysis
- Flying Bar Chart
- Current Multiples
- Transaction Multiples

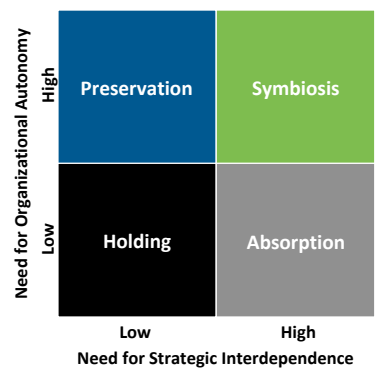
It employs the following conventions:

- Blue Text:** These cells are inputs. You may enter values.
- Black Text:** These cells are formulas. They are protected and cannot be modified.
- Buttons with Blue Text:** These must be pressed to calculate a worksheet.
- Buttons with Black Text:** Press these to select or reset inputs.
- Red Triangles:** Comments appear as red triangles in the upper right of some cells. They describe inputs or calculations. To view them drag your cursor across the red triangle (or go to "View" and select "Comments").

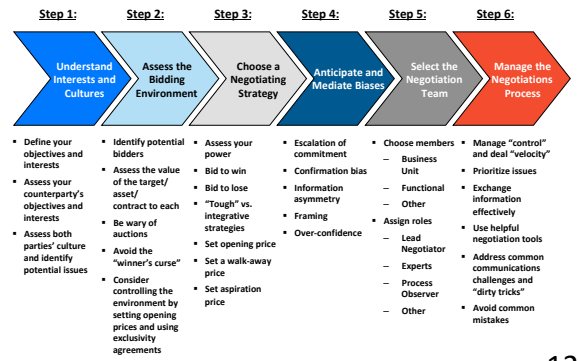
Strategy Driven Innovation

Step	Key Innovation Questions	Frameworks / Analyses / Alternatives
1	Innovation Strategy	<ul style="list-style-type: none"> Which needed capabilities can best be realized through innovation? Capability Blueprints Technology Roadmaps
2	Innovation Type	<ul style="list-style-type: none"> What type of Innovation is required? Core Adjacent Transformation
3	Technology Innovation	<ul style="list-style-type: none"> Which technologies should we be leveraging now and in the future? Current Technology Heatmap Future Technology Heatmap Technology Roadmap
4	Governance & Organization	<ul style="list-style-type: none"> What governance and organizational structure will we use? Same / different Brand or Operating Company Centralized / decentralized decision making Separate vs. allocated funding Business investment vs. VC Investment
5	Operating Model	<ul style="list-style-type: none"> What blend of innovation activities should our operating model provide? Ideation / Communication Testing / Piloting Refining Integration / Commercialization

Integration Strategy



Negotiation Strategy



The SDT Program leverages thinking from world renowned experts in finance, valuation, strategy, management and negotiations

Area	Expert	Thought Leadership
Finance / Valuation	Al Rappaport*	"Creating Shareholder Value"
	Tom Copeland*	"Valuation"
	Sharpe & Lintner	Capital Asset Pricing Model
	Steve Ross*	Arbitrage Pricing Theory
	Miller & Modigliani	Optimal Capital Structure
Strategy & Innovation	Michael Porter	"Competitive Strategy", "Competitive Advantage"
	Peter Diamandis*	"Abundance"
	Salim Ismail*	"Exponential Organizations"
	Clayton Christensen	"Innovator's Dilemma"
Management	Alan Shapiro*	"Multinational Financial Management"
	Lenos Treggeorgis*	"Real Options: Managerial Flexibility and Strategy"
	Jon Katzenbach*	"The Discipline of Teams", "Teams at the Top"
Negotiation	Leigh Thompson*	"The Heart and Mind of the Negotiator"
	Jeanne Brett*	"Negotiating Rationally" and "Negotiating Globally"
	Fisher & Ury	"Getting to Yes"



* Mr. Nodine has direct collaboration experience with these experts

Target Valuation Toolkit

Welcome to the Target Valuation Toolkit. This workbook is designed to help you assess a Target's value and the price that must be paid to buy it. It contains several worksheets:

It employs the following conventions:

Sheet	Description	Conventions:	
Control	Template for entering the date of analysis and valuation parameters	Blue Text	These cells are inputs. You may enter values.
Target Forecast Entry	Template for entering forecast information provided by the target in any currency	Black Text	These cells are formulas. They are protected and cannot be modified.
Peer Group K (Cost of Capital)	Calculates the wtd. avg. cost of capital based on peer Betas and company & market data	Buttons with Blue Text	These must be pressed to calculate a worksheet
Target Stand-Alone Valuation	Calculates the DCF value based on our stand alone forecast for the target	Buttons with Black Text	Press these to select or reset inputs
Stand-Alone Valuation	Calculates the DCF value of a target based on our forecast for the target as a stand-alone entity		
Synergy Entry	Entry Template for Anticipated Synergies		
Synergy Control	Used to turn synergies "On" or "Off" and to enter probabilities for each		Comments appear as red triangles in the upper right of some cells. They describe inputs or calculations. To view them drag your cursor across the red triangle (or go to "View" and select "Comments")
Synergistic Valuation	Uses synergistic value drivers to calculate value using the Discounted Cash Flow (DCF) approach		
Sensitivity Analysis	Calculates the value impact of each value driver and synergy		
Flying Bar Chart	A chart that summarizes the DCF valuations for a target		
Current Multiples	Calculates current prices based on multiples		
Transaction Multiples	Calculates acquisition prices based on past transactions		

We can also incorporate, enhance and develop other tools and job aids that your team uses for transactions

Our clients usually customize programs to their industry, processes, culture and transaction types

- **Discussion Materials:** These can be adjusted to reflect company-specific information
 - Your industry
 - Your deals
 - Your deal processes ,tools, frameworks, language, etc.

- **Illustrative Example in Lecture / Discussions:** This shows how concepts from each section of the program apply in a “real world” example
 - This example commonly comes from a recent successful transaction from your company
 - We work with you to capture or develop these materials as necessary to illustrate exactly the type of work that should be done to support your transactions going forward

- **Case Exercise:** After each lecture / discussion we have your team develop skills by applying the concepts to a “carry-through” case example
 - It allows participants to walk through an entire transaction, step-by-step . . .
 - . . . apply new knowledge and develop necessary skills

- **Company Presentations**
 - Senior leadership can deliver important messages, underscore strategic and transaction objectives and / or respond to questions
 - Business and functional leaders can describe their issues, processes, frameworks and tools

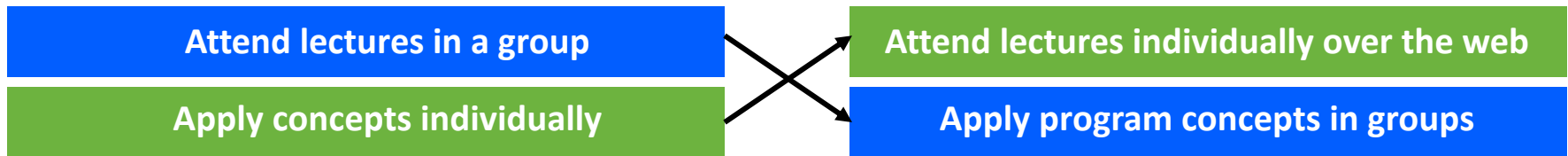
- **Panels:** These allow company practitioners to discuss real transactions and lessons learned

Program sections can be delivered in person, via live video conference or though videos available over the web

- **In person**
 - For over a decade, the SDT Program has been an in-person program delivered to groups.
 - This allows for maximum learning, group interaction and teambuilding, but requires time to attend and travel costs (see next page).
- **Live in Video Conference**
 - Offers many of the benefits of in-person without travel costs
 - Can be scheduled around normal work hours
- **Videos + Video Conference or In-person**
 - CTP also has full video production capabilities and program sections can now be instantly available to your people over the web. This allows us to “flip” the SDT program.

Instead of having participants:

Now we can have them:

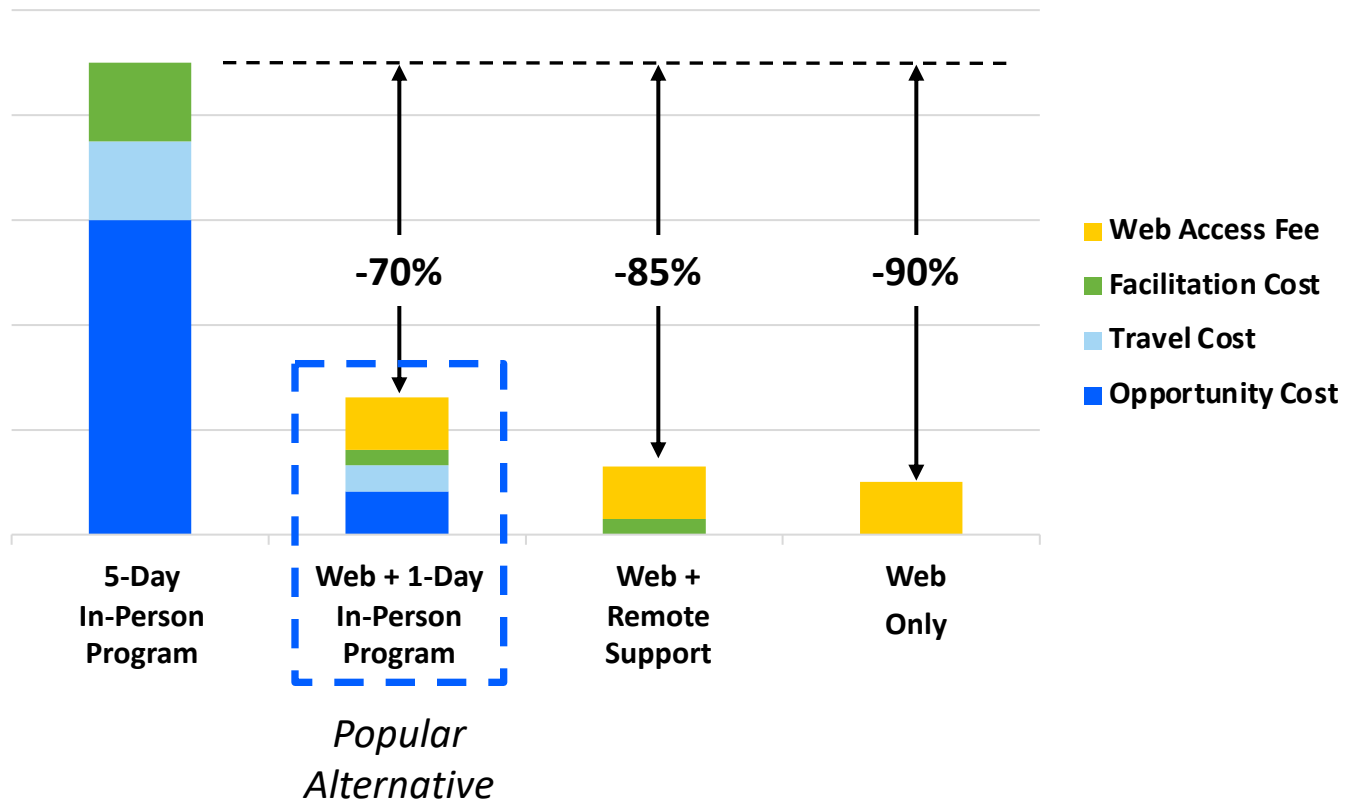


- After viewing the videos, using the web, video/conference calls, emails and/or in-person:
 - CTP answers questions on Program Sections
 - CTP reviews and corrects Program Exercises
 - CTP helps your people apply Program concepts to “live” transactions

Attending lectures over the Web dramatically reduces training costs

- The opportunity cost of having team members devote workdays to in-person training and associated travel accounts for an average of 85% of total program costs
- Having them view lectures on their own time in their current locations eliminates these costs

Typical Costs of In-Person vs. Video/Web Program Delivery



CTP's Strategy Driven Transactions Program delivers extraordinary value

Benefits	Description
Superior Value Creation	Since many transactions fail to create value, our programs use proven, practical strategic and economic models to link transaction decisions to their impacts on shareholder value and tilt the odds in your favor
Superior Processes, Tools and Frameworks	Our programs start with world-class materials presenting transaction processes, tools and best practices that have been refined over decades of real world application. Of course, we will happily integrate your company's processes, tools and frameworks
Superior Focus on Your Company	Our customized programs focus on your company, industry, processes, and culture in a way that would be impossible in public education programs
Superior Skill Development	We design our programs around the specific participants you intend to have and customize the materials, examples and case exercises to develop the precise knowledge and skills they will need to be successful going forward
Superior Team Development	Our programs result in every member of your team knowing how their role fits into transactions and what they need to do at each step. They also create relationships with corporate leaders and other participants that will be valuable in future transactions
Positive Momentum	Our programs are highly interactive and enjoyable and commonly receive the highest marks in post-program evaluations. Your team emerges confident, enabled and excited to participate in transactions
Superior Cost Efficiency	Our programs typically allow you to send 25 people to a customized, in-house program for the price of sending 3-4 people to a public program

We could take several steps to further explore whether the Strategy Driven Transactions Program could help you achieve your objectives

- Learn more about your objectives for transactions, your transaction team and process, and the specific challenges they face
 - Discuss with transaction leaders and process participants
 - Review your current process, tools and frameworks
 - Identify specific knowledge and skills to be gained

- Review sample materials

- Conduct a facilitated “walk through” of the program with a group of leaders

- Identify potential customizations
 - Your company’s processes tools and frameworks
 - Carry-through Example
 - Case Exercise
 - Expert Panels
 - Video lectures

We’d welcome the opportunity to explore whether the Strategy Driven Transactions Program could help you achieve your objectives

CTP also conducts a range of other Corporate Programs and Workshops

Program*	Description
Strategic Planning Workshops	<ul style="list-style-type: none"> ▪ Facilitated workshops to create a fact based, value creating competitive strategy that is “owned” by your team with optional support to help your team conduct necessary analyses <ul style="list-style-type: none"> – Competitive Segment Definition and Attractiveness – Strategic Alternative Development and Evaluation – Strategy Selection and Roadmapping
Strategy Driven Innovation	<ul style="list-style-type: none"> ▪ Using your competitive strategy to drive your technology strategy ▪ Developing current and proposed future “technology heatmaps” ▪ Accessing new technologies and capabilities through innovation, partnerships and transactions ▪ Creating the right structure to create, vet, fund and commercialize innovative ideas ▪ Writing a technology roadmap that identifies, sequences, and prioritizes activities
Valuation Workshop	<ul style="list-style-type: none"> ▪ Detailed review of valuation models including their basis in financial economics, their practical applications and behavioral implications <ul style="list-style-type: none"> – Discounted Cash Flow (DCF) – Current and Transaction Multiples – Asset-Based Valuation – Real Options ▪ Defining a common language and approach for applying each model ▪ Building skills at valuing domestic and foreign businesses

* Go to www.CorporateTransformation.Partners for more details