



Corporate Law

The Art of Acquisitions: When skills meet knowledge

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Introduction

An acquisition is well-known as a business transactions where one firm acquires all or part of another company's shares or assets. The acquisition typically involves gaining control of and expanding on the target company's strengths which will offer companies opportunities to grow exponentially, increase customer base, access new technologies and innovations, gain economies of scale, and purchasing power.

Acquisition is regarded as one of the most complex business actions an organization will undertake. The acquisition transaction's objectives necessitate a well-defined roadmap to monitor, manage, and minimize risk, which will have a major influence on this transaction.

Handling the complexity of acquisitions requires a high level of skills and knowledge in various areas of business and finance. Acquisitions involve legal and financial analysis, negotiations, and strategic planning. Having extensive skills and knowledge in these areas is crucial for successfully navigating the complexities that come with acquisitions.

Overall, handling the complexity of acquisitions demands a combination of expertise, experience, and strategic thinking. Therefore, entering into acquisitions transaction is a piece of art where extensive skills meet knowledge in various disciplines to navigate the challenges of acquisitions successfully and create value for all parties involved.

The importance of having extensive knowledge

When entering into acquisition transaction, legal and financial aspect of the target's company must be considered since it will greatly influence the complexity of the transaction and the future businesses.

In order to acquire the target company, a due diligence exercise is performed to obtain information about the target company and its business before completing the transaction. Due diligence can involve the acquirer requesting information and documents about the target company and its business from the acquiree, which will be reviewed by the acquirer and its advisors.

The extensive knowledge of legal and finance is required in order to protect the acquirer from striking a poor deal and can reduce the risk of them acquiring the target company and business with hidden surprises.

Negotiation skill as the key of success

Negotiation after the findings on due diligence is a critical phase in the acquisition process. Due diligence involves a comprehensive investigation and analysis of the target company's financial, legal compliance, and operational to identify any risks, opportunities, or discrepancies. If any issues do arise during the due diligence, the negotiation phase begins.

The addressing of any issues or concerns uncovered during the due diligence process is common in negotiations after due diligence findings. These findings will be used by negotiators to guide their negotiation strategy, identify possible adjustments or concessions, and work towards reaching a mutually beneficial agreement.

Clear communication, strategic thinking, and the ability to find common ground while protecting both parties' interests are necessary for effective negotiation. High skilled negotiators should be prepared to deal with any challenges that may arise during negotiations, like conflicting priorities, different valuations, or unexpected issues that could affect the deal.

Strategic planning to mitigate post-transaction

A well-planned strategy is required to mitigate post-transaction risks on acquisitions, which involves addressing potential challenges and uncertainties that may arise after the deal is concluded such as developing a detailed integration plan that outlines how the acquirer will be integrated into the acquirer's operations.

In addition, establishing strong governance and oversight mechanism posttransaction may help mitigate risks and ensure that the integration process stays on track. This may involve setting up regular monitoring and reporting mechanisms, appointing a dedicated integration team, and establishing clear lines of communication between key stakeholders.

Conclusion

We, **Dwinanto Strategic Legal Consultant (DSLC)** see the complexity of acquisition as an art considering it requires extensive skills and knowledge to undergo a comprehensive approach that includes thorough due diligence, detailed intergration planning, strong governance, and contingency plan to increase the likelihood of a successful acquisition.

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