Catching the Next Wave of Outbound M&A

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Catching the Next Wave of Outbound M&A

Executive Summary

The past decade has witnessed rapid growth in outbound M&A deals by Chinese players. Many State-owned and private enterprises have the confidence to “go out”; they have established the relevant organizations and processes for outbound M&As, and accumulated considerable hands-on experience. However, China still lags behind developed countries, such as those in Europe and Japan, in completion rate of outbound M&A deals, and in quality of integration. In recent years, some new changes have emerged in the macroeconomic environment for outbound M&As. These new trends are placing higher demands on the M&A capabilities of Chinese enterprises.

In this report, we analyze China’s outbound M&A deals of the past decade, identify the key challenges encountered by Chinese enterprises, and determine the reasons behind them. We aim to help others decipher obstacles that may arise depending on a firm’s goals and level of experience, and ultimately, to pave the way forward for successful outbound M&A capability.

1. Flourishing: The Current State of China Outbound M&A

Against the context of the globalizing economy, internationalization has swept across the globe. Outbound M&A has become a key way to win in this globalized battle. During the decade from 2004 to 2014, China's outbound M&A market has flourished, growing at a CAGR of up to 35 percent by size and 9.5 percent by number of deals. In 2014, there were 154 outbound M&A deals conducted, with a total deal value of USD 26.1 billion. (See Exhibit 1.)

The ongoing surge in China outbound M&A deals can be attributed to a host of developments that have taken place both inside and outside of China. Within China, a loosening policy environment, abundant cash reserves, and a rising private sector has spurred Chinese firms to learn from their foreign competitors and seek overseas expansion via outbound M&A. Globally, as China's clout has risen worldwide, an increasing number of foreign sellers in developed markets have come to see the advantages of working with Chinese firms. On top of that, the Euro debt crisis has presented Chinese firms with prime opportunity to acquire European companies at bargain prices. Most recently, the slowing of the European and American economies in the wake of the global economic crisis has helped to create an ideal external investment environment.

To ensure the smooth operating of the national economy and Chinese enterprises, and hedge against big swings in the price of international resources, the country’s outbound M&As have been aimed primarily at energy and resource companies. The energy and resource sector accounts for the largest portion of outbound M&A by deal value, comprising more than 40 percent of overall outbound M&A deal value from 1990-2014. (See Exhibit 2.)
Exhibit 1. China Has Stepped up the Pace in Outbound M&A

China’s outbound M&A: number and size of deals (2004-2014)

Sources: Thomson ONE Banker Database; BCG analysis.

Exhibit 2. Energy and Resource Is the Largest Segment in Deal Value

Value of outbound M&A deals\(^1\) by industry: 2004-2014

Sources: Thomson ONE Banker Database; BCG analysis.

Note: Energy & Resource incl. oil/gas, utilities, energy equipment & alternative energy, etc.; Financial Service incl. banks, insurance, investment etc.; IG incl. mining & metals, construction & materials, transport equipment, machinery, etc.; TMT incl. hardware, software, T&C services, media; CG incl. retail & wholesale, apparel, foods, etc.; Service incl. Public administration, holding companies (ex. banks), education, etc. Some figures do not add up to 100% due to rounding.

\(^1\)Only summarizing value of transaction that are publicly available.
Due to their robust strength, talent, cash reserves, and financing capabilities, China’s top 500 companies have played significant role in outbound M&A deals. They accounted for 65 percent of outbound deal value and 30 percent of deals completed in the past five years. (See Exhibit 3.)

In a BCG survey of Chinese companies that have engaged in outbound M&As, 90 percent of respondents had established a dedicated function for M&A activities. A large majority of companies felt that they had the required capabilities for outbound M&A, including an explicit M&A strategy; the proper organizational structure, talent, work flow, and tools; effective governance; and a system for monitoring and evaluating. Moreover, 60 percent of respondents felt they had gained experience in post-merger integration (PMI). (See Exhibit 4 and 5.)

2. Strong Winds Ahead: Emerging Trends in China Outbound M&A

Despite the rapid growth in China outbound M&A deals, and the perception among most survey respondents that they have a well-defined outbound M&A strategy and adequate organizations, processes, and systems in place, the deal completion rate for outbound M&A by Chinese players is just 67 percent, still behind more developed peers such as in America, Europe, and Japan. BCG’s research and analysis confirms this result. (See Exhibit 6.)

Key challenges include PMI, lack of international management experience, and culture clash. BCG research finds that differences in culture can trouble the waters and cause Chinese buyers to feel uncertain about whether to proceed with PMI. Though some choose to forge ahead, it is hard to achieve the expected results. (See Exhibit 7 and 8.)

Exhibit 3. China Top 500 Companies Took a Significant Role in Overseas M&A Deals

Sources: Thompson ONE Banker, BCG analysis.
Note: Deals with >30% equity owned after transaction are included.
1 In terms of revenue size, ranked by China Enterprise Confederation/China Enterprise Directors Association.
2 Publicly available deal value only.
3 As of November 2014.
Exhibit 4. Most Chinese Firms Surveyed Have Established M&A Functions, and Gained Some Integration Experience

Q: Does your company have a dedicated M&A department?

<table>
<thead>
<tr>
<th>No. of PMI cases</th>
<th>No dedicated M&amp;A department</th>
<th>M&amp;A covered by corporate development/SBD office</th>
<th>M&amp;A department at corporate level</th>
<th>M&amp;A department at BU level</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>7%</td>
<td>29%</td>
<td>27%</td>
<td>37%</td>
</tr>
</tbody>
</table>

Q: For the closed outbound M&A project(s) over the past 5 years, did your company choose to integrate them?

<table>
<thead>
<tr>
<th>Total # of closed deals</th>
<th># with some integration</th>
<th># not integrated</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>59%</td>
<td>41%</td>
</tr>
</tbody>
</table>

Sources: BCG survey among Chinese buyers 2014 (n=33); BCG analysis.

Exhibit 5. Majority of Chinese Companies Surveyed Claim that They Have Sufficient Capabilities in Handling M&As

Please rate your level of readiness regarding the following capabilities in identifying and executing cross-border M&A opportunities

<table>
<thead>
<tr>
<th>Capability</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>We have a clear outbound M&amp;A strategy</td>
<td>30</td>
<td>33</td>
<td>27</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>We have the suitable organization structure and talent</td>
<td>24</td>
<td>36</td>
<td>24</td>
<td>9</td>
<td>6</td>
</tr>
<tr>
<td>We have customized work processes and tools</td>
<td>18</td>
<td>45</td>
<td>12</td>
<td>18</td>
<td>6</td>
</tr>
<tr>
<td>We have an efficient governance model</td>
<td>33</td>
<td>30</td>
<td>15</td>
<td>18</td>
<td>3</td>
</tr>
<tr>
<td>We have a well-functioning performance tracking system</td>
<td>18</td>
<td>33</td>
<td>12</td>
<td>24</td>
<td>12</td>
</tr>
</tbody>
</table>

Source: BCG survey among Chinese buyers 2014 (n=33).
Note: Some figures do not add up to 100% due to rounding.
Exhibit 6. Chinese Firms Are Still Behind in Deal Completion Rate

Outbound M&A deal completion rate¹
2008-2013

Completion rate
90%
80%
70%
60%
2008 2010 2012 2014
USA Western Europe Japan China
85% 84% 75% 67%

“How many outbound M&A deals has your company been involved in over the past 5 years?”

# of deals
# Deals initiated but NOT closed
# Deals closed

2008-2013 average
2010 2011 2012 2013 2014

Sources: Thomson ONE Banker; BCG analysis; BCG survey among Chinese buyers 2014 (n=33).
Note: Some figures do not add up to 100% due to rounding.
¹Defined as ratio of completed deals over total announced deals in a year; all M&A deal types included.

Exhibit 7. Cultural Differences Loom a Huge Wrinkle that Hesitates Chinese Buyers from PMI

Q: For the outbound M&A project(s) that your company decided NOT to integrate, what are the reasons?

% of total mentions
Cultural or management gap Lack of experienced integration team and resources Target has superior management capability Lack of integration expertise The target doesn’t want to be integrated Others (please specify)
28% 24% 24% 16% 4% 4%

Source: BCG survey among Chinese buyers 2014 (n=33).
Exhibit 8. Chinese Companies Found PMI Difficult Mainly Due to Cultural Difference and Lack of Management Experience

Q: For the outbound M&A project(s) that your company decided to integrate, what challenges do you see from the PMI process?

- 29% Cultural difference
- 29% Lack of multinational experience
- 12% Misalignment of management structure
- 10% PMI cost very high
- 8% Unable to implement the planned changes
- 8% Unable to achieve the planned M&A goals
- 4% Incapable of developing effective integration plan


Moreover, as China continues to grow in economic strength, the EU and US economies keep recovering, and new, positive policies are released regarding outbound M&A, Chinese players are confronting a new set of trends and changes in outbound M&A.

2.1 Emerging trends in the economic and policy environment

The “One Belt, One Road” strategy fuels M&A. One Belt, One Road is a new strategic development initiative centered around the ideas of a “Silk Road Economic Belt” (areas for development which will connect China with Europe through Central and Western Asia) and a “Maritime Silk Road” (which will connect China with Southeast Asian countries, Africa and Europe). One Belt, One Road is fuelling enthusiasm for M&A among Chinese companies, driving players in a variety of sectors to proactively seek out M&A targets in overseas markets, including energy and resources, industry, agriculture, and financial services.

With the One Belt, One Road strategy, China and its neighbors can build up a transportation corridor from the Pacific Ocean (to the east) to the Baltic Sea (to the west), facilitating the overseas expansion of a wide variety of industries, including energy and resources, aviation, construction, and infrastructure, by acquiring the right targets in countries along the “Road.” This will mitigate the risks associated with the high cost of building up airlines from scratch, and avoid a long approval process. With the help of One Belt, One Road, other segments such as manufacturing, agriculture, and financial services will frequently interact with other countries and build mutual trust through increased business activity, and may open up global markets through outbound M&A.

A new era of outbound investment. President Xi said at the recent APEC leaders’ summit that China’s outbound investment will reach 1.25 trillion USD over the next decade, almost three times the current amount. This will create a brand new landscape for overseas investment, and booming opportunity for a new wave of outbound M&A.
Policies regarding overseas investment & outbound M&A will relax substantially. In March 2014, China’s State Council, National Development and Reform Commission (NDRC) and State Administration of Foreign Exchange released the “Opinions on Further Optimizing the Market Environment for Enterprise Mergers, Acquisitions and Reorganizations,” the “Measures for the Administration of Sign-off and Filing of Overseas Investment Projects,” and the “Provisions on the Administration of Centralized Operation of Foreign Exchange Funds by MNC.” These simplify the foreign exchange (FX) management scheme for outbound M&A and substantially relax restrictions on the power to authorize outbound M&A projects.

2.2 Changes in the purpose of outbound M&A

As China continues to internationalize, the focus of outbound M&A activities is shifting. Previously, SOEs sought to acquire resources; now deals are increasingly conducted to gain market share and core capabilities. Outbound M&As are a way for Chinese players to pursue new profit drivers, capture new markets, and globally competitive leaders. They are also a way to access cutting-edge technology, as well as brand and management experience in overseas markets.

BCG’s research has found that only 20 percent of outbound M&A deals over the past 5 years had the goal of acquiring strategic resource. Meanwhile, up to 75 percent were aimed at accessing technology, brands, and market share. (See Exhibit 9.)

2.3 Revamping of the industry composition of outbound M&A

Over the last three years, there have been fewer deals in energy and resources, and more in industrial...

Exhibit 9. Over the Past 5 Years, Non-resource Driven Deals Have Made up the Majority of the Surveyed Outbound M&As

- **Q: What is the purpose/rationale behind the outbound M&A project(s) initiated over the past 5 years?**
  
  - **Total**: 100%
  - **Acquiring technology, IP, or production**: 32%
  - **Gaining access to local market**: 26%
  - **Acquiring brand**: 17%
  - **Securing access to resources**: 20%
  - **Other**: 5%

**Source:** BCG China Outbound M&A Survey 2014, N=33.
goods, consumer goods, finance, and technology, media, and telecommunications (TMT). This indicates that Chinese companies from a diverse array of industries urgently need to improve their outbound M&A skills, to better address the challenges of globalization. (See Exhibit 10.)

2.4 Changes in the destinations of outbound M&A

Over the last few years, the US and Europe surpassed Asia to become the most sought-after destinations for outbound M&A, accounting for over 60 percent of outbound M&A deals by Chinese players in 2014. By contrast, the number of deals targeting traditional destinations such as Southeast Asia has plummeted. Given the large disparity in language, management style, and corporate culture between European or American companies versus Chinese companies, the “westernizing” of outbound M&A destinations raises new challenges for Chinese buyers in trade and controlling capability. (See Exhibit 11.)

3. A Long Way to Go: Challenges Facing Chinese Buyers in Outbound M&A

Based on our research and analysis of outbound M&A deals over the past decade, and the evolving trends in this area, we have identified the major challenges facing Chinese players in outbound M&A. For the most part, the challenges have to do with three things: M&A strategy, due diligence, and PMI. (See Exhibit 12.)
Exhibit 11. Europe and North America Surpassed Asia to be the Hottest Outbound M&A Destinations

China’s outbound M&A deal # by destination

- Europe: 37%
- North America: 23%
- East Asia: 15%
- South America: 11%
- Southeast Asia: 6%
- Middle East: 3%
- RoW: 2%
- Oceania: 0%

Sources: Thompson One Banker Database; BCG analysis.
Note: Some figures do not add up to 100% due to rounding.

Exhibit 12. Key Challenges Faced by Chinese Buyers in Outbound M&As

- **M&A strategy, deal sourcing, deal screening**
  - Lack of a clear M&A roadmap
  - Ineffective deal source or screening
- **Initial deal structuring**
  - Lack of DD management capability
- **Due diligence**
  - Lack of capability to identify key risks or support decision-making
- **Bidding & negotiation**
  - Difficult to understand the overseas business environment
- **Approval, closing**
  - Inefficient communication with regulatory bodies
- **Integration**
  - Insufficient PMI planning
  - Unclear governance structure
  - Talent shortage
  - Culture issues

Sources: BCG interviews; literature research; BCG analysis.
3.1 Unclear M&A strategy

BCG’s survey indicates that many players lack a clear M&A roadmap, and have only an ambiguous idea of the M&A’s purpose, or know little about possible synergies. In some cases, in the pursuit of quick success and scale expansion, Chinese firms blindly launch bids overseas without sufficient preparation; in other cases, Chinese players fail to delineate an actionable outbound M&A timeline as part of their “go-out” scheme. Chinese players also face many difficulties in deal sourcing and screening due to a lack of international resources and expertise, and excessive reliance on intermediaries such as investment banks for intelligence on target sourcing. On the other hand, there have been some success stories too. Deep understanding and robust assessment of the target company was one of the key enablers for Lenovo’s acquisition of IBM’s personal computer segment, and Mindray’s acquisition of both Datascope’s patient monitoring business and another company called Zonare.

In 2004, Lenovo Group made the bold decision to acquire and integrate IBM’s PC business. This seemed like a “snake trying to swallow an elephant,” to borrow a Chinese expression, but over the following decade, the company achieved a CAGR of 41 percent. A key reason the transition went so smoothly was that Lenovo had a clear and strong M&A rationale. In 2003, the company established a strategy to focus on PCs and go global. It began a worldwide search for potential acquisitions, and performed a deep-dive analysis of the synergy potential behind IBM’s PC business. Based on the considerable benefits identified in brand proposition, market channel, technology R&D, HR, and cost structure, Lenovo acted decisively and won its target.

Another company to globalize successfully through outbound M&A is Mindray. The medical device company has been pursuing a global strategy since 2000. In 2008, it acquired the US-based Datascope’s patient monitoring business. With that, Mindray became one of the top three players worldwide in this sector and gained a foothold in the intensively competitive North American healthcare market, and made a substantial breakthrough in its globalization process. In 2013, Mindray paid $105 million to acquire US-based ZONARE Medical Systems, a high-end maker of ultrasound machines, and further strengthened its global business presence.

3.2 Lack of due diligence expertise

Typical challenges that Chinese players face in performing due diligence for outbound M&A deals include: lack of experience with internationalization, and limited knowledge of overseas commercial and legal environments or profitability models; limited capability to organize and coordinate commercial, legal, financial, and HR due diligence; lack of capability to assess and identify risk points in the due diligence process.

Some Chinese players know little about the local economic and social environment where the target is located. And, due to differences in language, culture, and mindset, professional advice and input from local commercial, financial, and legal experts is sometimes not heeded, or not conveyed in time into the key decision making process. Meanwhile, in many Chinese companies, decision-making power is highly concentrated at headquarters, while the field due diligence team is insufficiently empowered, which results in poor communication and coordination of internal and external resources, and a sluggish and inefficient due diligence process. Furthermore, many Chinese players lack due diligence expertise, and know little about the process and international common practice, which makes it difficult to identify critical risks with candidates.

3.3 PMI difficulties

In 2005, CEMEX, a Mexico-based cement producer, bought RMC, the largest cement company in the UK,
for $5.8 billion. The international market was skeptical of this deal: would a company from a developing country be able to manage a business based in a developed country? CEMEX erased all doubt with its superior M&A and PMI competence. The company sent a robust team with ~400 specialists to the UK to carry out a deep-dive PMI of the target company. To ensure its PMI strategy over the long-term and achieve synergy, the CEMEX team brought their families over with them and settled in the UK, building up Spanish-speaking communities and schools, and setting up systems to continuously improve operation efficiency and synergy at RMC. Meanwhile, CEMEX also carved out standard operating procedures and a "best practice database", to translate success stories and lessons learned into proprietary knowledge; an information repository was installed for internal sharing across the Group. CEMEX’s PMI program significantly improved the operational efficiency of RMC and realized ~$400 million in synergy benefits within one year of the deal closing.

Not all companies are as fortunate and successful as CEMEX on their PMI journey, however. We have found that in outbound M&As, especially in deals where leading players in developed countries are being acquired, some Chinese buyers lack confidence in the robustness of their management systems and the quality of their personnel. As a result, they are highly reliant on the target's existing management team, and follow the existing governance structure and business model without daring to reorganize or institute change. In enterprises committed to integration, many sketch out only a rough, high-level plan for the integration effort, without creating a detailed action plan for implementation. As a result, execution is poor, as are the results of the M&A. Other common PMI pitfalls include a poorly defined overseas corporate governance structure (addressing roles & responsibilities for the overseas subsidiary, decision-making processes, the overseas executive expatriate scheme, etc.); executives without cross-border and cross-culture management experience or adequate knowledge of the local operating environment; and cultural conflicts in management styles (e.g. Eastern emphasis on bureaucracy and hierarchy vs. Western flat management style).

According to BCG research, the challenges that Chinese buyers face vary depending on their purpose and level of experience with outbound M&A.

M&A newcomers, due to their lack of experience and relevant processes and systems, are more likely to encounter difficulties having to do with strategy planning, due diligence process management, integration planning, and the setting up of overseas governance systems. Those with experience in outbound M&As, despite having knowledge about the process, may still encounter difficulties related to the local economy, society, and business models, such as understanding the local market, interpreting due diligence reports, and resolving culture clash.

Due diligence and PMI are major problems for most Chinese buyers. For Chinese buyers seeking to establish market presence overseas or fill gaps in core capabilities, typical problems include not having a clear M&A strategy, lacking cross-border management talent, and culture clashes. For buyers seeking to acquire resources, a commonly-observed challenge is passing the stringent approval and review procedure with overseas regulators. (See Exhibit 13.)

4. Playing to Win: Three Recommendations for Chinese Buyers in Outbound M&A

How can Chinese players address the challenges and difficulties they encounter in outbound M&As? BCG believes that a clear M&A strategy is fundamental, that effective implementation is key, and that building relevant capabilities are core.
4.1 Clear strategy is fundamental

Take full advantage of both “exobrain” (external tools for handling data) and internal resources. Map out high-priority areas for outbound M&A based on corporate vision and strategy, and analysis of industry developments (evolving trends in policy and technology, and changes in consumption habits). And, define a clear outbound M&A strategy.

Specifically, clarify the direction that overseas M&A should follow. This includes understanding the M&A's purpose – is it market-driven, technology-driven, or resources-driven? It also includes knowing what industry segment to enter, what high-priority areas to target, and the type of M&A to use (deal structure and financing sources).

Establish a specialized system for developing and revising outbound M&A strategy. This will include clearly defining who should participate in M&A strategy development, R&R, processes, an evaluation and review system, putting specialized tools to use, methods and instruction manuals for conducting industry analysis, project screening and target probe-in, and regularly communicating with and updating key stakeholders about M&A strategy.

4.2 Effective implementation is key

Effectively manage due diligence, negotiations and approval processes, identify transaction risks, make decisions, plan and execute PMI, and achieve synergy and business growth.
Establish an effective scheme to manage the due diligence progress and review process. This includes commercial, legal, financial, and technological due diligence. Commercial due diligence should focus on the attractiveness of the target and potential market, synergy, business plan and company valuation, and M&A feasibility. Regarding the management review process, it is critical to identify key stakeholders, draw up a detailed communication plan, and meticulously prepare communication materials.

Mindray, with its M&A expertise and capability, successfully acquired Datascope’s patient monitoring business in 2008. Mindray Medical International has a very strong M&A team with robust expertise and solid M&A experience. The core members include a former executive director at Goldman Sachs (Asia) and a senior lawyer in the US. Its advisory team consists of top worldwide players including UBS, KPMG, and O’Melveny & Myers. Mindray developed a systematic due diligence and negotiation management process, and an efficient and flexible decision-making system. It also clarified roles for its management team, core team and professional advisors along the M&A process, such as preparing and negotiating due diligence, conducting initial due diligence, approving decisions, and handling closing and PMI. Eventually, thanks to its due diligence expertise and capability, Mindray managed to win over Datascope and acquire its patient monitoring business.

Upfront and comprehensive preparation, integration, and effective implementation are critical. Pay attention to assessing synergy, making sure integration philosophies are united, and the 100-day plan for the first days after merging. Set up an appropriate overseas governance structure (meaning financial, strategic, and operational governance centers) and decision-making processes. Develop a cross-culture management talent pool via both internal development and external recruitment. Establish a flexible communication system, and define a communication plan for the management team and employees; iterative and in-depth interaction will eliminate conflicts caused by differences in culture and management style. Establish a management scheme to safeguard against uncertainty and change, to accommodate the changing external and internal environments.

4.3 Developing relevant capabilities is core

In the long run, to make M&A an engine for corporate development, it is critical to nurture and perfect a set of core competencies around outbound M&A covering strategy, organization, process and governance.

Build up capability for the strategic planning of outbound M&A. Based on the corporate development plan and vision, develop an explicit outbound M&A strategy and criteria, identify high-priority regions and industry segments and deal approach, and target the selection process and M&A frequency and timing. Establish an M&A knowledge database that incorporates relevant information about target companies; processes, tools and templates for M&A deals; input about M&A decision-making; and key lessons learned from M&A activities, to inform the corporation’s M&A strategic planning and support M&A activities.

Develop and retain top talent with expertise in international business management. Through both external recruitment and internal training, create a pool of top management talent with cross-border and cross-cultural backgrounds, well-balanced expertise structure and diversified project experience. When acquiring DAEWOO, GM set up a PMI team of ~500 specialists; everyone on the team was a top player in the field of cross-border and cross-cultural management. When acquiring DAEWOO in 2001, GM sent out a high-profile team with 50 executives to ensure seamless integration of the two organizations. Incentives were employed to attract and retain core talent from the target company, including equity, compensation and benefits, promotions, employee care, and improved sense of belongings. As a result, the valuable "intangible assets" of the target were preserved, the complexity of the integration was kept to a minimum,
core resources were retained, and both organizations were able to successfully navigate the painful PMI period.

**Specialized management of the M&A process is essential.** Set up a dedicated M&A function, devote appropriate resources, and engage relevant external experts to be in charge of M&A activities and coordinate internal and external resources. Establish a robust system to maximize teamwork across business units and functions involved in the deal, and clarify M&A workflow and the duties and responsibilities of each function and employee. Develop sufficient program and process management tools, such as process manuals, checklists, and benchmarking, to support M&A performance. Ensure that there is an explicit process monitoring and review system in place to continuously improve M&A activities.

**Create an explicit key performance indicator (KPI) system for M&A programs.** Install clearly defined KPIs, with a review process and regular check-ups, for each business unit, function, and individuals involved in M&A activities. Set up a relevant reward and sanction mechanism, and link it to the company's annual performance review system. Constitute a relevant governance system to monitor and review all M&A-related activities. Ensure that the corporate M&A decision review system is fully empowered to make the right decisions and effectively review M&A performance.
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