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1. Introduction

In this paper it will be illustrated the internship I have been glad to take during the second semester of the double degree between Ca' Foscari University and Université Paris Dauphine – PSL as a student of the BFA master (International Track).

I had the opportunity to enter a On-Cycle 6 months Internship as a “Strategic Consultant” in one of the most prestigious consulting firms: Kearney. The objective of this paper is to illustrate the career choice I have made and why I have chosen a consulting track to enter the job world, what I found in this experience and it concludes with some personal thoughts about future career perspectives enriched by some great takeaways grasped in this working experience.

This paper will be opened by the introduction of the hosting company, articulating its history, the industry in which it operates and the strategic outlook of the firm, with internal insights of the Company Global CEO and Chairman (Alex Liu) and of the Italian Managing Partner (Ing. Claudio Campanini). It follows the description of the tasks I was asked to perform, illustrating in the “Academic research” section a topic I found of particular interest. The conclusion of this work will review from a higher perspective the experience made, articulating internal personal feedbacks and explore the personal development and the perspectives of a long-term professional project.

2. Presentation of the company: Kearney

The choice of my internship is the product of an academic and personal journey in which I have developed a particular interest toward corporate strategies. This interest was consolidated during my studies in the Université Paris Dauphine – PSL as a student of two courses that showed me my personal potential and my future career opportunities in the corporate strategy market. “Corporate Strategy” (Mme Gannage) and “Business Simulation and Entrepreneurship” (M Reinoso), where two courses in which I had the opportunity to explore the theory of the competitive advantage and corporate strategies based on the consolidation of internal resources and capabilities. I had the pleasure to consolidate these theoretical frameworks in a “simulation” in which I acted as a strategic consultant for a M&A deal. It was in that course that I matured my interest toward corporate advisory roles and I started looking for an Internship in Strategy Firms.

Presentation of the company

“At Kearney, solidarity means collaborating as a winning team by listening, respecting, and caring for each other and above all having fun” (Jasmijn Vogelzang, 2021).

This citation I personally think summarizes one of the fundamental company values that made of Kearney the best Consulting Company 2022 according to the Consulting Report (2022). Kearney consistently ranks high on a variety of lists for both the consulting industry and the wider business world. It has been ranked in the top 10 in Vault's Consulting 50 multiple times, and first in Consulting magazine's as “Best Firms to Work For”. It has also been named to Working Mother's Top 100 Firms for Working Families and Women as well as to the Best Companies for Dads list. In addition, Human Rights Watch has consistently named it one of the Best Places to Work for LGBTQ Equality.

Beyond delivering incredible and high-quality results for clients, The Consulting Report recognized that the “distinctive, collegial culture that transcends organizational and geographic boundaries” is what distinguishes Kearney from other firms. Kearney attracts brilliant people who are down-to-earth and authentically themselves. The internal culture is built on supporting Kearney's people which directly translates to the working style with clients (Kearney works with more than three-quarters of the Fortune Global 500, as well as with the most influential governmental and non-profit organizations.). This is what brought me in Kearney, a unique culture associated with a prestigious heritage and best in class services and this is what I found during my 6 months Internship as a strategy consultant (Analyst) in the Kearney Office in Milan (A.T. Kearney Italy), working in the Private Equity, Energy and Finance department.

History: from “McKinsey, A.T. Kearney and Co.” to “Kearney”

It was James O. McKinsey in the second half of the 20s to operate the first “accountant and management engineers” firm with the “then-radical” concept of integrating managerial skills beyond the mere expenses and budget services of auditors.

Analytically brilliant and quantitative oriented, J. McKinsey is a professor in the University of Chicago and recognizing his lack of social skills brings Andrew Tomas Kearney as the new partner of the firm. A.T. Kearney was friendly and a social person, with the ability to bring to the firm the necessary developing capabilities, complementary in the structure of the company. A.T. Kearney has brought core expertise in marketing and operations that together with J. McKinsey's accounting and jurisprudential knowledge merged into the partnership that founded and lead the consulting industry.

To extend the services of the firm to New York City and Boston, J. McKinsey and A.T. Kearney decided to enter and merge with the rival Scovell, Wellington & Company. The corporate cultures were incompatible and it was just after J. McKinsey death in 1937 that the firm split in two. A.T. Kearney took the control of the company, renaming it McKinsey, A.T. Kearney and Company and returned to Chicago, while the other half stayed in New York.

Andrew Thomas as the new leader of the firm developed a new collegial and distinct approach to consulting in which the role of the firm was not just to advise its client but enter into the details of it and provide service both in the higher strategic advice and in the structure of the implementations. This exceptional intuition had a groundbreaking effect, this “advice-plus-action” approach became the distinctive model of McKinsey, A.T. Kearney and Co. .

In 1947 the other half of the company announced its intention to enter the Chicago’s consulting market with new offices and the similar names of the two firms would have created confusion. It was in that occasion that the two firms renamed themselves. The New York’s division obtained the sole right to use the “McKinsey” name while the Chicago’s office rebranded as “A.T. Kearney and Co.” with the original founder in the leading position.

Electronic Data System Corporation (EDS) was an IT services accompany that in an unclear and dynamic market bought, with a 50-50 cash-stock acquisition, A.T. Kearney providing IT expertise that the consulting firm did not have, with significant capital at disposal to enter new investments. The acquisition rationale proved to be very effective and in 2 years the size of the consulting company was twice the initial firm with consolidated technology expertise and new service like procurement services.

The partnership was jeopardized 10 years after by the diverter of the two incompatibly evolving corporate cultures and at the end of the dotcom bubble the business started its decline and the increased cost management pressure damaged the firm relationship. It was the gutsy move of the management leaders of the consulting firm to enter the negotiation with EDS and reclaim the firm and convince 177 global partners in 26 countries to take control of A.T. Kearney and lead it future. In 2005 the company has re-entered the consulting market with a new leadership, 2500 employees and 47 offices.

The independence of the firm translated into a confident emersion that pushed-up revenues by 50% and has led the entrance in the Latin America countries and started the collection of global awards and quality recognition. In 2016, in the firm’s 90th anniversary as an original consulting firm A.T. Kearney

target the core capabilities that would lead the success of the firm in the dynamic market and in 2019 acquired “Cervello” as an elite of business analytics and big data management in order to provide its client evolved services.

The acquisition and the upward trend of the firm have conflated into an appropriate strategic planning of the future of the company, on its repositioning, internal capabilities, employees and market forces. In 2020, the firm has presented the rebranding plan involving a new name that traded on the initials of the founding managing partner and repositioned itself as “Kearney”. The refreshed brand identity aimed to represent the qualities and distinctive characteristics for which the company is recognized: a side-by-side relatable work in which the client is advised and followed in the structure and implementation process, with passion and standout success.

Nowadays the firm is composed of a team of 4200 people and operates in more than 40 countries around the world. During the years the firms has expanded both geographically and in a matter of services offered. It continues its upward trend in developing a new prestigious image delivering state of art services. Every era has new market forces: new necessities and capabilities in order to deal and success in the dynamic environment. Technology competences have imposed a leading position in the market and consumers emerged with different preferences. Factors like environmental, social and governance have conquered a central role in the evaluation of companies. Digital competences are now at the base of the business of a firm and the pandemic has stressed the importance to evolve with the trend. The market in which Kearney operate is very different from the one in which James O. McKinsey and Andrew Thomas Kearney started the consulting firm. While the preference of clients and the competences to operate in the market are changed, what has not is the difficulty in operating a business and to be able to succeed and deliver results. The importance of operating efficiently and profitably is still focus of the firm’s managers and with it the market for advisory companies.

Kearney team has evolved and now merged analytics, big data, institutes for the assessment of sustainability matters in its consulting services but with the same inclination toward the best advisory service for the client purpose as it was promoted by the funding partners (Kearney, 2022).

Industry: Strategy Consulting

Definition of strategy consulting

Strategy consulting is the strategically focused advisory of Management consulting that assess specific aims of the company beyond mere overall company measures. As explained by A. McKee, “Management

Consulting” and “Strategy Consulting” are incorrectly used interchangeably. “But strategy consulting is a subset of management consulting focused specifically on helping a company go from A to B on a particular issue, rather than looking holistically at the business as a whole.” (McKee A. in Courtney E. 2022). The services of Strategy Consulting for decades have been reputed as the highest managerial art and can be also refereed as “strategic advisory” or “strategic consultancy”. It can be considered as a subset of the almost \$900 bn management consulting market (according to The Business Research Company 2022), in which consultant, with quantitative and logic assessments and practical tools applied to facts and firm data are able to translate the aims of managers and boardroom into deliverable plans. Strong quantitative and analytical problem-solving skills are core as strategy consultants work in close relationship with the firm’s top management and develop long-term strategies based on their visions and data as support. Strategy advisor can be engaged by both private and public firms and institutions. They conduct research, identify gaps, assess internal and external forces, develop plan and offer guidance on the concretization of initiatives (COR 2022).

The role of strategy advisors when hired by private sector clients is inclined towards the support in high - level corporate strategy. The decision the consultants are hired to support are usually strategic planning or problem solving due to particular force in the market that the firm alone cannot deal with. Such decisions are of core relevance and the expertise, rigor, quantitative and analytical assessments of consultants is of invaluable nature.

When the public sector hires strategy advisors the decision-making process pivots around supporting economic development policies. The factors of integrating relevance could arise from matrix of supply and demand, macroeconomic nature, lobbying, public image, oversight and political interest that an analytical assessment can disentangle, with rigorous understanding of the superstructures (Consulting.us 2022).



The pure strategy planning in which the advisor is hired to structure from scratch the business plan of a firm is no longer the case nowadays. Corporates hire consultants to redefine commercial plans and usually engage them to provide advisory on specific strategic problems like the intersection between the market and the detailed function of the firm, or when in a specific situation they can not solve alone (Consultancy.us 2022).

The role of advisors can assume very different points of view and can operate from very specific problematics, to very high-level decision. When companies have imposed a new leadership after a

revenue loss the role of consultant supports the top management in structuring new corporate mission and increase profits. When dealing with companies with a particular interest toward entering new markets the role of consultants is to advise the oversea investment, and provide the support of an effective and profitable strategy with underpinning analytics. More specific services could be found in the strategic assessment of a merger or acquisition in which the firm is asked to perform a commercial due diligence or research and calculate business cases. The support of strategic advisors should be hired in all the steps of the value chain and engaged to reflect on external forces and how they affect the business of the firm. Digital strategies, in fact, have evolved and taken a major role in the services of consulting firms. The strategic advisor not only contribute to create IT strategy but they assess the integration links between technological capacity and the strategy of the firm, with focus on understanding how the business structure of the client will deal with the force generate by new technologies in the market (Consulatncy.us 2022).

Strategy consulting services

Given the ubiquitous and permeated presence of strategy in the corporate business structure and decision-making, the consulting service has not a typical framework. The services of strategic advisors are usually presented as part of eight key discipline categories: Corporate Strategy, Business Model Transformation, Economic Policy, Mergers & Acquisitions (M&A), Organizational Structure Strategy, Functional Strategy, Operations and Digital Strategy (Courtney 2022). Every consulting firm has its own service portfolio and can specialize in particular activities but generally all these are offered by the main consulting players.

	<p>Corporate Strategy</p> <p>Structuring of the firm's high-level mission and strategic plans. It could be the formulation of market entry strategies and the structure of the new corporate image and acquisition plans.</p>
	<p>Business Model Transformation (BMI)</p> <p>This internal strategic transformation is propaedeutically focused on the creation of a future business model of the firm, with assessment and planning of the internal division and their relationship with industry's forces.</p>
	<p>Economic Policy</p> <p>Macroeconomic factors of taxation, inflation, monetary and political policies are integrated in the support of governmental and public entities.</p>
	<p>Mergers & Acquisitions (M&A)</p> <p>Strategic advisory in the pre- and post- offer diligence and integration plan. Consultants can be hired to structure the strategy of acquisition or find the target companies alongside with lawyers, bankers and external advisors.</p>
	<p>Organizational Strategy</p> <p>Structuring organizational frameworks and corporate governance policies in order to align with the firm's strategic mission. It implies the cross assessment of all the corporate structures and divisions.</p>
	<p>Functional Strategy</p> <p>Focused development of one specific functional division.</p>
	<p>Operations</p> <p>Operational, engineering and strategic assessment of the efficiency, operational quality and alignment to firm objectives and strategic plans.</p>
	<p>Digital Strategy</p> <p>Assessment of the exploiting of digital methods to execute the firm's strategic business plans. It can be applied to all the corporate areas, from online selling strategies to mere operational structures.</p>

Source: Courtney 2022, Kearney

Industry competition

Strategic consulting services in the purest assessment of the definition account for only the 12% of the overall consulting industry revenues. The main incumbent players of the industry are decreasing their portion of mere strategy services, shifting resources in the more required projects that find their genesis in the strategic decision-making process to deal with external factors or internal problematics.

Strategy has redefined its role from the distinct and esteemed specialty service of the past and shoved into defined and pervasive decision across the corporate business. As consequence the market of

strategy consultancy services is correlated with the trend of the global economy, in contrast with the general management advisory role that even during economic downturns is required to assess the more operative nature of activities and efficiency measures.

This comes as support of the fact that the “Big Three” (Tier 1) managements consultancy companies (McKinsey, BCG and Bain: MBB) find the place as also the biggest strategy consulting companies and as a consequence all the “pure strategy” firms during the years have expanded toward more general management consulting advisory roles. In this global elite of firms it is possible to illustrate the role of Tier 2 brands like Kearney, Roland Berger, Deloitte Consulting and Oliver Wyman which during the years have been able to position themselves just after the prestigious Big 3 brands. In the market emerge thousands of independent consulting firm, that to differentiate and deal with the brand recognition of Tier 1 and Tier 2 firms offer specialized consultancies in specific sectors or consolidate their expertise in some operations.

In the industry pure strategy players focus exclusively on strategy and operations service, and other general consultancies have developed during the year distinct strategy departments. This could be the case of generalist consultancies that have opened well considered strategy practices e.g. Deloitte, Accenture, Capgemini and LEK Consulting. The latter firms have an inclination to diversify their strategic advisory to deal with the gaps not occupied by the Tier 1 firms and to integrate it with the other services of the firm.

Kearney in this dynamic and competitive market has always positioned itself as a Tier 2 generalist firm (Strategy and management consulting firm), always recognized for its brilliant analytics and attention to client needs. As a generalist the firm operates in different industries, with various projects and services. Kearney during the years has gained expertise and knowledge of all the major markets and now offers its services for: Aerospace and Defense, Automotive, Chemicals, Communication, Media, Technology, Consumer and retail, Energy, Financial Services, Health, Industrial Goods and Services, Infrastructure, Metals and Mining, Private Equity, Public Sector, Transportation and Travel. In all this industries Kearney provides high level services as: Analytics, Digital, Leadership Change and Organization, Mergers and Acquisitions, Operations and Performance, Procurement, Design and Data Platform, Strategy and Top-Line, Sustainability, Transformation Services, Global Business Policy Councils.

As a consequence of a strong rebranding strategy, Kearney began to reposition itself between the big 3 Tier 1 firms in the last years, trying increase the fundamental global brand recognition. According to

Klanecky and Liu, the new Kearney brand and visual identity captures two key pillars of its strategy. First, a focus on people and a human-centric approach. Liu describes Kearney employees as people that “are always themselves”, and distinguish themselves by “speaking plainly, listening closely, and building great working relationships.” (Klanecky and Liu in Consultancy.uk 2020). This strategy is bringing globally recognized results and making Kearney on of the “places to be in” in the consulting modern era.

In July the Global CEO and chairman of Kearney, Alex Liu, has held a conference in the Milan Office in which I had the pleasure of meeting him and debate with all the Italian team the market forces that the consulting industry deals with and Kearney’s performance and strategies. Alex Liu has opened the plenary meeting with the firm’s overall strategic priorities and the record-setting performance momentum that have proved to be exceptional. He confirmed that Kearney has progress the client positioning in Strategic operations and Transformations (ranked as #1 consulting firm overall), the focused investment and shift into target and Tier 1 clients, investments into areas of sustainability and analytics and committed to further building out the reasons to choose Kearney as strategic advisors: specialists, diversity and overall engagement. This success has proved to be globally recognized but according to the CEO the firm still has to invest in order to build a better brand recognition, bolder outcomes on gender diversity and continue to invest into the firm’s core capabilities, topics and clients (Alex Liu in the Italian plenary Meeting 2022 in the Kearney’s Milan Office).

Kearney in the first half of 2022 enjoyed a record-setting, growing at +18% in both revenues and profits compared 2021. All regions are at double-digit growth. Despite the challenging macro-economic and geo-political headwinds that drive contrasting forces to the strategies of Kearney’s clients, the firms is confident to have a continuation of future revenues with similar zeal: well over \$1.6B in revenues with record profitability, in continuity wit the ever-upward 4-year trend. In 2026, at the 100th anniversary year of the firm, Kearney aims for \$2.5B in revenues in even more robust practices and operations around the world. “Our brand and style of consulting is on the move.” (Alex Liu, Global Kearney CEO and chairman in the Italian plenary Meeting 2022 in the Kearney’s Milan Office).

The Italian office has overperformed the industry EU peers in the last years and showed an incredible growth rate over the last 4 years. According to the Italian Managing Director Ing. Claudio Campanini, the firm has been able to move towards very prestigious projects and clients and is continuing to deliver excellent performance and a high level of consideration in the Italian market. The firm in Italy is now investing resources with more “Digital Experts” in order to better serve its clients in this dynamic market. These strategic investments and the Global rebranding are bringing visibility to the Italian office,

which at the moment is one of the best performing in all Europe (according to the Italian Kearney CEO during the “Together” conference in the Italian Kearney Office in Milan 2022).

3. The role of an Intern in Kearney

I had the pleasure to start my Internship at the beginning of February 2022, after intensive and stimulating interviews with partners and principals of the Italian Office. The selection has took almost 2 months. The firm has welcomed me with a deep dive course of a couple of days in order to give me the basic theory underpinning the consultancy role and the technical skills in order to proceed at the best in my working experience.

In this section will be described my role as an intern in Kearney, illustrating the types of projects in which you are asked to participate as an intern, and through the description of a typical project in the firm will be presented the responsibility level I was assigned, the people I worked with, the relationships, skills and the way I have learned and what I learned during my “Strategy Consultant” Internship.

My role

As an intern in Kearney, you are asked to “act as a consultant”. A thing that I have really appreciated during my first period was that I was not considered less just because I was an intern, my opinion was respected and taken into consideration at all levels, even by strong senior figures as “Principals (VP)” and “Partners”. In Kearney what matters the most is the critical thinking and if supported by data or a good reasoning the opinion of everyone is taken into consideration and everybody is encouraged to speak up. I appreciated this inclination of seniors, that from the very first day made me part of the team and encouraged me to always give my opinion and to let me be driven by my insights and thoughts. This predisposition made me feel appreciated and welcomed and gave me the opportunity to push myself towards challenges and opportunities that steepened my learning curve and in a couple of weeks closed the gap between my experience level and the required operating level of a junior advisor.

In consulting the type of job done strongly depends by the internal hierarchy. Starting from the top the role of partners and principals is to contact potential clients and to and maintain client relationships. The position requires great leadership skills and creativity in order to create catered, innovative solutions for clients and to grow the firm. After having sold the “projects” they create the team, usually assigning the leadership to a “Project Leader” or “Manager” and integrating the team engaging “Junior Consultants (Analysts)” and “Associates”. It will be the manager’s role to lead the project, structuring the day-by-day activities in line with the project’s deliverable dates. He is the pivot of the decision-making operating

process and in it conflate client's needs, junior consultants' ideas and partners' experience in order to best serve the client. The manager is assigning to junior consultants the operating activities as quantitative analysis, presentations and research and usually organizes meeting with the clients or the firm partners according to the project status. As a junior my role was to structure the analysis with my manager and then conduct them in order to discuss with him/her my insights and understanding to then build a presentation of the work done.

The type of activities and responsibilities varies with size and typology of the project, like also the duration: it varies from projects of 1 month like Due Diligences for M&A to more structured projects. I had the opportunity to participate various types of projects and industries, from industrial sector acquisitions Due Diligences in the Private Equity division, to Cost Optimizations for leading Energy companies and Banks. The teams I was engaged in were usually small teams, sometimes it was just a couple of analysts and a manager referring to partners and principals.

As a finance student I was very confident of my quantitative and financial statement analysis skills and so I was able to demonstrate from the first day my analytical and critical thinking using data as support. Given this I had did not found particular difficulties in structuring analysis and present my insights and understanding of the data, but on the other side I had initially some problems with the practical use of software and hard skills required due to the fact I had never used them before or that I had used them differently. My role requires very strong Microsoft and programming computer skills that in a first moment I did not possess. Kearney in order to make me able to work efficiently, prepared me an intensive 3 days full immersion course in which I learned to use all the tools required, from programming and Microsoft Office, to the use of more complicated Python-based programs used for analysis and graphs making. Also research tools were very helpful, in Kearney when you are asked to conduct market research it is very important the use of Research tools and the preparation for Market Expert interviews. In fact the ability to "look in the correct places" is a fundamental skill that in Kearney have to be combined with a fluent and diligent management of the people you deal with, could them be colleagues, experts or the client. The ability of a consultant is sustained by the relationship management, this makes him/her able to obtain better inputs, conduce a better job and most importantly to explain ideas and result in an efficient way. Not only the ability to understand, but the ability to be understood: this spiral is at the base of a virtuous service.

Initially social interactions are difficult for an intern that is exposed to Client's top management and partners, and the ability to be able "what" to say and "when" to say something becomes fundamental. I

think the area I improved most is in the social working interactions. Being exposed in the described way to seniors has been an incredible driver of my learning curve, not only in the area of critical thinking and analytics but I personally consider it as the main catalytic of my social skills apprentice. Seeing the way managers and principles moderate and select their words, their presenting skills and the ability to “act” differently according who was in front of them where all learning opportunities I used to develop my diplomacy.

Description of the tasks

“You know how the day starts but you don’t know how it will end”. This is the phrase that one of the other analyst in my first team said me and I think it represent the a-typical day of a consultant.

The project is “kicked off” by the Steering Committee, in which all the partners and consultants meet the top management of the Client’s firm and together they build the various groups of work and they agree on the Project GANTT (a bar chart that provides a visual view of project tasks scheduled over time. A Gantt chart is used for project planning: it's a useful way of showing what work is scheduled to be done on specific days). The Steering committee agrees on creating interim meetings of project update in which the top management together with Kearney’s partners will discuss the status and quality of the work and agree upon future moves (every 1-2 weeks or according to project typology).

After this the consultants start to work on day-by-day basis with market experts and with client’s references in order to conduct the agreed analysis.

The day is usually opened by client meetings and groups of work used to gather information and data, that will be process by analysts during the day and then presented to the client the day after or according to the deliverables agreed. Usually, the analysts and the manager structure together the analysis and then work separately. The analyst is also asked to meet the various groups of work (with clients and experts) to understand the business of the firm, the market in which it is operating, the bottlenecks, ask questions of financial statements or data, confirm doubts, and follow its curiosity in order to understand all the variables. The fundamental and first step it was explained to me is to understand all I am dealing with in order to then proceed, ask the correct question, conduce analysis and deliver my best idea. The type of skills required in this first step of the project is a critical analytical thinking, that together with curiosity and struggle of problem solving tries to paint the purest vision of the firm the consultant is asked to analyze and deep dive to find the critical variables at the base of required problems and analysis. This phase includes a strong and detailed assessment of the financial

statements, used as a primer source to understand how the firm is performing on its own before to compare it with peers or best practices.

The projects then unfolds according to the required need and have different procedures according to the type of services that Kearney is asked to carry on. The next section will briefly cover the structure of a DueDiligence and illustrated some methodologies internally developed by Kearney as a structured analysis method in order to evaluate M&A processes.

4. Academic Research: Integrated Due Diligences

The topic I will illustrate in this section is the role of the Operational and IT Due Diligence in M&A processes and the methodology used in Kearney to assess these integrations. The choice of this topic comes from the internship experience in which I dealt with mostly commercial due diligences, in which the role of Kearney, as a strategic advisor, was to assess the market in which the target company is operating and evaluate the competitive advantage or the internal assets and resources of particular interest. From an academic point of view these types of diligences have always fascinated me, for their high-level strategy and purpose. The “Commercial Due Diligence” was the type of project that during my studies I considered as the ideal match of my “strategic” interest combined with financial evaluations.

In Kearney I had the pleasure to work in these strategic projects that confirmed my preliminary assessments. These types of projects stimulated my curiosity in understanding the high-level “Corporate Strategy” objectives and their integration with the firm environment, to deliver my best assessment of a M&A deal.

Speaking with CEOs and managers of both sides of the acquisition I found out that they were particularly interested in the operational integration process, and so in the production of Operational Due Diligences. This because they wanted to be sure that the integration process had no risk from an operative perspective. Operational due diligence is important for assessing synergies between the acquiring and target companies. It’s also a useful tool for helping buyers to kick-start the value creation process, in readiness for post-deal operational improvements or integration (Ansarada 2022). The strong inclination in having an operational diligence, often combined and juxtaposed with IT diligences from the top management of both private equity funds and companies, captured my attention and made me understand the fundamental necessity of understanding and assessing these activities beyond the mere financial and strategic evaluation. For this reason, I have decided to bring my understanding of the practice that I have been glad to participate along with commercial due diligences. In the section below

it will be introduced the M&A process, the strategy at the base of deals and it will be explored the role of integrated diligences in the M&A market. (The sources used for the following section are internal and are enriched by Kearney studies and by relevant academic sources).

“To deal or not to deal?”

Strategic M&A, including corporate acquisitions and portfolio company integrations, saw its second-highest year in the second half of 2021, together with all-time high deal multiples (Baird et al. 2022). In this market full of buyers, a growing amount of capital to invest and with everything speeding up, many companies need the support of external firms to maintain the right business for the company’s strategy. This must be done being sure to take investment and acquisition decision at right price that enables flexibility to achieve goals, be it expanding into a new region or a new sector, or to improve in-house capabilities.

With the support of Kearney, companies often use mergers and acquisitions as the catalyst for driving transformation across their business and their industries, contributing to the overcome of difficult step changes, that without the impetus of an acquisition would be hard to deliver.

Integration strategy has long focused on fully integrating businesses after the acquisition but is has been experienced as not the only method to achieve most synergies. Kearney’s experience is that firm can derive more benefit from a more flexible approach. Companies see the full integration as the default option, but they should rather explore a broad spectrum of potential integration and non-integration strategy options in order to assess the one with the best alignment to the deal thesis.

There is no a unique and valid approach for integrations, each approach delivers a unique degree of post-acquisition autonomy. Mergers and acquisition can vary from more hands-off approaches that enable the target company to preserve a culture that may spurs rapid innovation; to full integrated processes that could be the best solution to deliver required synergies. The role of the advisors and the firm is to understand the best integration option and explore the scenarios of the various level of integration. At the base of this decision there must be a clear understanding of how the deal connects to your broader corporate strategy, being then able to identify the integration approach that optimizes the value of the deal, as rapidly as possible.

The top management of a firm should take into consideration the advantages and disadvantages of all the integration and non-integration options. As evidenced in the beginning of the chapter, the starting point of the decision making process is the corporate strategy, which is the foundation of a well-

thought-out M&A strategy (Figure 1). The M&A could be seen as a tool in order to reach specific corporate goals as driving growth, boost sales, developing fundamental capabilities, entering markets or expanding the consumer market.

Figure 1: decision on the (non) integration strategy should trace directly back to the corporate strategy.



Source: Kearney analysis

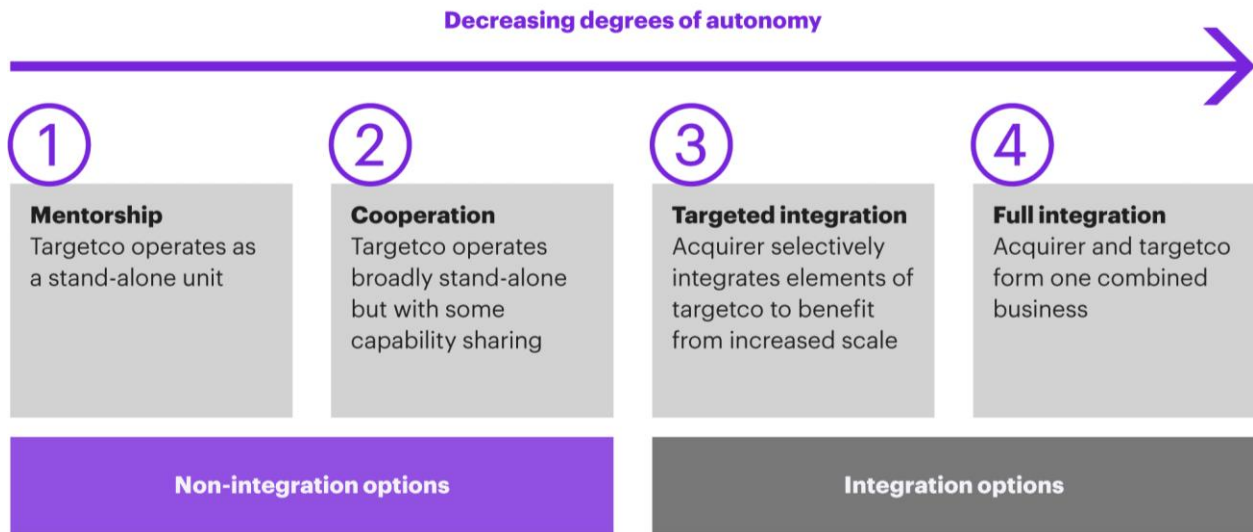
M&A strategy informs the reason for specific deals. It should be seen as the transformation of high-level goals into more tactical actions and defined rationales to go after the target company. The first and initial phase of the M&A strategy is aimed to identify what the acquirer is specifically interested to acquire of the target company. This analysis is the fundamental step before the deal rationale that informs the choice of integration strategy, along with the process of logic started with the corporate strategy.

The levels on the integration spectrum

Kearney through the different integration services across various industries and sectors has been able to identify four types of integration with varying degrees along a continuum of post-acquisition autonomy (Figure 2). Starting with integration option with higher levels of autonomy for the target company there are option like “Cooperation” and “Mentorship”, while “Targeted” and “Full” Integrations represent more traditional approaches and enable a lower level of autonomy for the target company.

While it is fundamental to understand there is no single hard and fast rule, must be taken into consideration that each of these approaches can be adapted to the deal’s need and must be propedeutical to the best evolution of the firm business. In fact the deal archetype is not permanent and Kearney in the years has observed and supported many firms that starting from a little or no level of integration moved to full integrated structures over time.

Figure 2: the integration of the business is an option not a default.



Source: Kearney analysis

1. Mentorship: the target company operates as a stand-alone unit

As an advantage of the little or no integration implied, the Mentorship enables the target company to have a high level of autonomy and insists to operate as a stand-alone unit. Firms using this model decide to have little involvement: the acquirer decides to provide a broad-level oversight position or a similar for the acquired firm without involving significant structural and culture changes to it. This could be because of particular capabilities and expertise that the firm has and that could be harmed by an imposed method of the acquirer.

Kearney experience has seen the Mentorship method as a model that works best in situations with limited ownership, as minority or shared ownerships in which the acquirer benefits the target company with support of a small team that as an advisor unit provides expertise and guidance support. This archetype of acquisition has proved to be the best practice in situations in which the line of work of the two company was very different, or the companies were operating in industries with non-compatible dynamics. While keeping these scenarios in mind, the mentorship integration should not be taken into consideration on the sole basis of the level of ownership and the similarity of the industry; instead it should be the result of a precise and detailed analysis of the M&A objectives together with the alignment of the deal rationales.

2. Cooperation: the target company operates mostly stand-alone but with some capability sharing

Entering higher and more integrated levels of integration, the Cooperation option entails a deeper collaboration. The acquirer provides its resources and capabilities in order to enhance the momentum in areas of key relevance such as growth, cost management, market penetration and sales. This archetype of integration is chosen in order to provide and encourage steeper predisposition towards bidirectional capabilities, knowledge, channels and intellectual property sharing. This beneficial structure is proposed without major structural changes in the post-acquisition, while on the other hand a team of the acquirer plays an active role in guiding the target company strategy and operations.

Through examples retrieved from Kearney services during the years, it is possible to observe that when the acquirer company has a predisposition moving toward majority ownership the cooperation option is taken into consideration as a more valuable approach. This approach could be the best practice for a bilateral sharing of core capabilities, in which the target company may provide adjacent service or operate in similar market with sharable knowledge and understandings of the acquirer's business.

Even if the cost benefit of these type of integration may be limited due to the lower level of integrated operations, the benefits arising could be significant, in fact there is space for the acquirer and the target company to cooperate without negatively impacting corporate culture and other valuable resources that are at the base of the current competitive advantage or core capabilities. Although experience has showed cooperation and mentorship as a best practice in capability-based, smaller-scale acquisitions, many deals could be favored by lighter integration structures.

3. Targeted integration: acquirer selectively integrates elements of the target company

The approach of targeted integration sees the acquirer merging selected function of the target company to encounter the deriving scale benefits. The archetype of the target integration arises from a higher partnership level of the acquirer and sees the entrance of more relevant structure and management changes to the target company. The focus of cost or sales growth is carved out with the integration of a selection of the acquirer's functions. Kearney supports firms that select this approach as progressive strategy that includes the total integration of some specificities that could become integral part of a future full integrated business. The acquirer could benefit of different distribution channels and market coverage from the target company in the same country, for example in the case the deal rationale is the entrance in the new market. In this particular example, a

sound strategic choice could be the integration of certain back office operations and procurement practice while the focus of marketing and sales would be under the original control of the target company to not harm revenues while capturing synergies.

4. Full integration: the acquirer and the target company form one combined business

The full integration of the target company into the acquirer's management and operational structures implies structural and architectural corporate changes in all the target company's business areas. The result of the full integration is a single operating unit with a unique culture, integrated team, and common working structure.

This archetype is sustained by the complete ownership of the targeted firm and usually Kearney supported this type of integration option in the acquisition of target firms with the same industry and with compatible types of work. This approach is particularly efficient in capturing operational cost synergies and efficiencies that compensate for the high costs of a full integration process.

Operational focus

After having understood the level of integration and selected the archetype that suits better the corporate and the deal strategy it is fundamental to structure the operational approach and path forward. The integration option is divided into procedural steps, and it is structured the strategy for all the corporate functions. Different approaches could be taken for the various functions of the firm, according to the deal rationale and their criticality. This nuanced approach enables to benefit from efficiencies and at the same time to secure crucial resources at the base of target company's capabilities. The acquirer has to take into consideration that the level of functional integration planned may differ with the one at deal close, and it has to consider this stage as the initial strategy planning. Inserting the variable of the time dimension it is possible to take a more rational and insightful view of the integration and the relative process during the post-acquisition (Figure 3).

Figure 3: The level of integration at close may differ from the target and state and should be re assessed on regular basis.

Degrees of autonomy: illustrative functional shifts

Functional integration matrix

	Mentorship	Cooperation	Targeted integration	Full integration	
Commercial					
Sales	▲ →	▲			Mentorship only at close to avoid disruption, but bidirectional best practice sharing anticipated in target end state
Marketing		▲ →	▲		Cooperation at close to take advantage of acquirer’s marketing capabilities, greater level of partnership in target end state
Operations					
Supply chain		▲ →	▲		Cooperation at close to take advantage of acquirer’s best-in-class supply chain and procurement capabilities. Target end state entails full integration of these functions to drive greatest cost synergies.
Procurement		▲ →	▲		
Enabling functions					
IT	▲ →		▲		IT is a core competency of targetco, so mentorship at close, leading to a gradual partnership in target end state to help fuel growth.
Finance		▲ →	▲		Cooperation in finance at close, targeting full integration of this (and other back-office functions) in end state
HR		▲ →	▲		Cooperation in HR to deliberately avoid any potential people ramifications, but end state is targeting full integration
People					
Organization and talent	▲ →		▲		Organization and talent are key deal jewels, crucial to deal rationale. Mentorship only for current and end state vision.
Culture	▲ →		▲		Culture identified as a key distinguisher in marketplace of targetco—in end-state, cultures move toward the parent as the level of integration increases.

▲ At close ▲ Target end state (2 to 3 years post-close)

Source: Kearney analysis

The figure illustrates a structured functional integration scheme with a post-close span of 2-3 years. Each function and area of the target company (e.g. Sales, Marketing, Culture, Finance etc.) has been assessed singularly with a perspective of idiosyncratic criticality to the deal rationale. This analysis takes into consideration the integration time, the prioritization and the relevant contributions to the corporate strategy and deal rationale. A structured approach of functional integration is preserving the M&A activities from internal jeopardization arising from structural integration confusion. The implementation is supported by interim verification of the correct integration strategy that is checked at key inflection points in which it is assessed if the current level of integration works or it is necessary a different strategy.

The process of integration is always followed by complexity and criticality. To maintain the focus of the important and key inflection and steps the process has to be operationalized into clear manageable steps. To structure the M&A process, Kearney provides guides to consultant that contribute to proceed in structured, clear and manageable working paths. As a consultant in each project you are always provided with tips and suggestion for both the operationalization and mindset approach deriving from years experiencing and solving complex and similar business cases.

M&A Strategy

In this section it is illustrated the approach that Kearney suggests to take while dealing with M&A strategy formulation and structure. Starting from internal works and Kearney guidelines have been selected the key areas to consider during the integration planning. The majority of M&A do not deliver the promised synergies and efficiencies, lacking of structured, rigorous and sound strategies for the acquisition of the target company. Given strict and tight times required for M&A deals and the lack of internal resources in order to target and assess economic and operational synergies, usually firms are supported by external expertise improving the quality of the strategic planning, due diligences and a significant reduction of operational integration risk.

Kearney expertise provides consultant a structured approach to assess the five areas considered of relevance when in a M&A integration planning:



Source: Kearney

Internal capabilities: The structure of an M&A strategy begins with an assessment of the target company capabilities in order to understand whether those are of strategic prominence in the market and their transferability and availability to encounter the company's goals and broader targets. The experienced acquired in my internship showed me how this is the aspect that managers assess with more scrutiny. The reason at the base of this is that they value firm performance on the base of the integration of valuable resources and capabilities. Investigating firm performance, emerged the importance of understanding the sources from which a sustainable competitive advantage arise. This assessment is supported by relevant theoretical papers that during the years elevated this type of framework as the best practice in company assessments. These papers have been focus of the "Corporate Strategy" course in Université Paris Dauphine - PSL and have proved to be particularly relevant is structuring strategies in my internship while assessing internal firm capabilities to understand the basis of competition and value resources. It was Michael Porter that in the late seventies pioneered the idea of competitive advantage in his business strategy theories (Porter 1979), a concept that implies that some firms can obtain a differential advantage over the rivals in the same environment. This advantage was defined by Barney as a 'value creating strategy' (Barney 1991, p 102). This initial definition was elaborated in the 2000 by Hoffman, who describes the competitive advantage as a 'benefit' that a firm owns and that gives it the possibility to pursue a unique value creating strategy that competitors have not the chance to duplicate (Hoffman, 2000). According to Porter and Barney above average returns occur as the epiphenomenon of a competitive advantage centered strategy that a firm should always pursue (Barney, 1991; Porter 1985). The craved outcomes and the superior performance obtained following the competitive advantage are presumed to be sustainable over time and not to be duplicated easily (Peteraf 1993). In fact if easily imitable the foundation of the advantage is a limited benefit since confers a short time superior performance and it cannot be defined as a competitive advantage (Slater, 1996) that therefore claims a sustainable foundation in order to confer above average returns (Barney 1991; Slater 1996). As anticipated earlier, the Resources and Capabilities Based View of the Firm brings top management eyes to look internally in order to find the possible sources of a firm competitive advantage, a stable base to confer identity, in particular when the market fluctuates in a state of uncertainty and change, when customers needs, products and technology change rapidly and a market-focused strategy is not able to guarantee to the firm the basis it needs in the long run (Grant and Jordan, 2015). Penrose in the 1959 (Penrose, 1959) was the first that pioneered the importance of the internal resources of a firm before the affirmation of the RBV of the firm. In her theories the firm was seen as a bundle of productive resources and the ways in which those resources are combined and used

it is what determines the growth of the firm. Her early work was followed by several scholars (Teece 1982; Wernerfelt 1984) but none of these comes to a formal model. It is only in 1991 that we have a formalization of a theoretical paradigm based on a resources and capabilities view of the firm, a model developed Barney (1991), that considers a firm as a bundle of resources and capabilities that are allocated in a heterogeneous way among firms in the markets and are partially mobile (Barney, 1991). Given the strategic relevance of the capabilities, of fundamental relevance is the assessment procedure of them. Relevant working papers and theories proved to be effective and are usually translated into practice. According to Barney (1991) the acquisition of a sustainable competitive advantage is the foundation for value creation, and it is achieved having access to specific resources endowed with what Barney (1991) defines VRIN characteristics (Valuable, Rare, Inimitable and Not substitutable).

Strategic goals and alignment: During the strategic planning of an acquisition becomes of relevance the assessment of company's strategic and financial goals. It is taken into consideration the goals could be achieved rapidly and at the required state with organic growth or if the acquisition process enables a better solution. To inform the decision-making process in Kearney is structured a comprehensive baseline of the business by actual industries and consumers served and a financial scenario taking into consideration the market trends. If at this stage it is suggest to proceed with an acquisition, the firm consults external industry experts and client representatives in order to start the identification of potential firm and markets in respect of the resource and capabilities analysis outlined.

In this assessment Kearney consultants leverage the expertise from the internal global industry practice to ensure the sound and intelligent market analysis at the base of the interpretation of industry trends, forces, players, internal market dynamics and KPIs.

Selection criteria: Financial criterion are not the sole basis that alone underpin the evaluation of an integration deal. In Kearney are selected various economic criteria in order to assess the deal. The most used are the post-acquisition market share, positioning and industry forces, cost management and cost reductions from synergies and scale, turnaround needs and corporate culture integration, properly selecting or integrating with other consideration according to the deal.

Target selection: The process of selection takes into consideration if the criteria analyzed above are consistent with the M&A strategy objectives. In this selection of the target company the industry expertise of the client, externals consultant and Kearney is combined with rigor in order to correctly

evaluate firms and to conduct business cases of the various scenarios, e.g. evaluating the turnaround efforts, comparing statements in the industry, corporate cultures and operational schemes etc

Synergies and value creation: The accurate and precise assessment of the strategic value of the synergies deriving from the integration is the key inflection exercise in order to justify the investment. This analysis is the fundamental step in the acquisition process, integrating all the consideration made is the key in which through a detailed financial statement analysis and operational and functional process details is at the base of the merged entity assessment. Operationally this is conducted during the Due Diligence in the M&A process. Consulting firms are engaged sometimes only to proceed with diligences and provide the best evaluation of the integration. It follows the description of the Due Diligence approach, and it will be introduced the role of the Operational Due Diligence to then illustrate their role and relevance in an integrated assessment. (Source: Kearney internal methodology developed by Haas R. and Souied J. 2022).

Due diligence

As outlined in the section above the Due Diligence is a critical and fundamental assessment in the M&A process. As illustrated in the Figure, traditionally it is the key assessment that has to be conducted after the creation of a M&A strategy as described in the section above and after having identified the target company). This exercise has key reflection in the economic and financial valuation and can steer the acceptance of the offer. Beyond the mere financial exercise the value of the merged firms arise from non-financial aspects. As consequence in this assessment is needed a strong knowledge of the market to create scenarios of synergies cash flows and expertise of functional integrations to capture and confirm cost synergies and efficiencies (Carleton 1997).

Figure 4: Key activity along the M&A process.



Source: A.T. Kearney analysis

Kearney methodology in approaching due diligences is the consolidation of years of expertise in the sector, it is constituted of a bifurcated approach: a pre-offer diligences that scans target companies

before the bid and a post-offer diligence in which with more precise internal information. The diligence can be conducted from both the buy or the sell side and focus on different aspects:

- Developing a strategy for value creation and the sustainability of it
- Strategic, Commercial and Operational Due Diligences
- Integration risk assessment and integration structures

The “due diligence” is the M&A industry covers broadly matters of financial, audit, tax, human resources, operations, strategy, IT and engineering nature with the predisposition of assessing various external and internal factors of the company and their influence on the corporate strategy (De Grauw et al 2022).

Commercial Due diligence

The first fundamental aspect that is at the base of the structure and development a sound due diligence process is the acquirer commercial strategy with a detailed plan for value creation. Kearney has developed an approach based on three steps that guide analysts in both the due diligence assessment and in the post-close-execution:

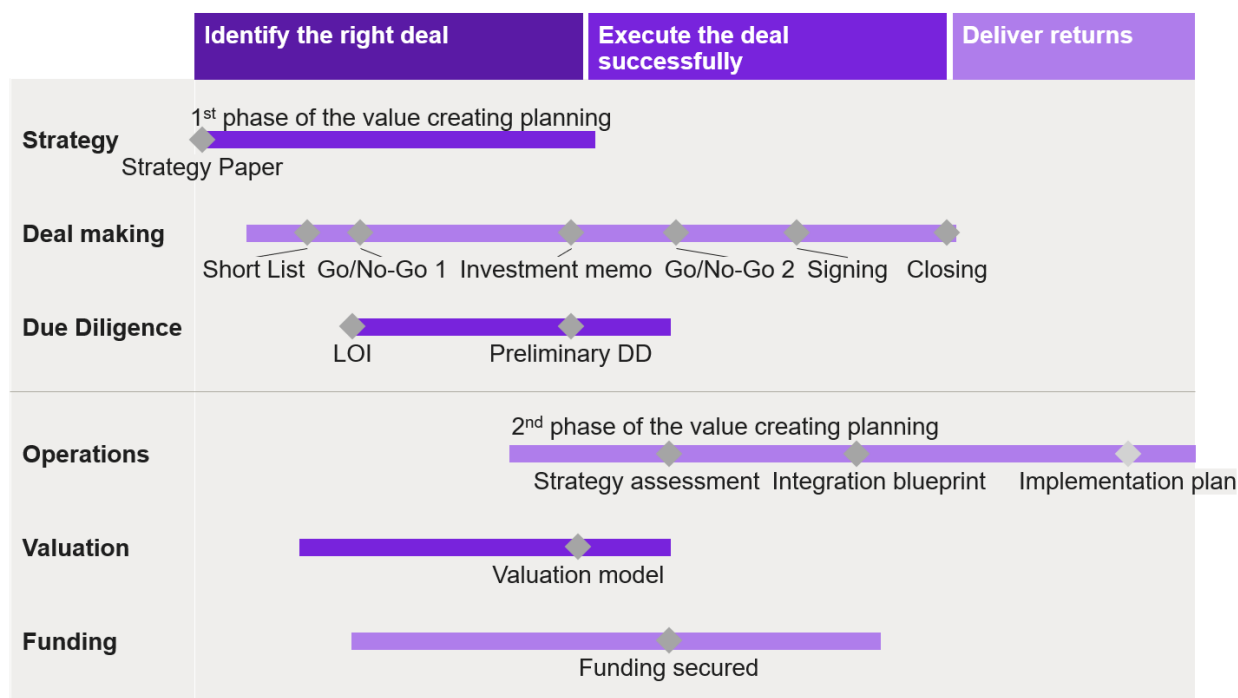
- **Industry and market understanding:** Kearney through the internal expertise, client and external knowledge compose the detailed assessment of the target’s industry, understand how the value is created, how advantages can be obtained, finds capabilities with core relevance, where it is headed the market and what trends are to be considered
- **Competitors evaluation:** markets evolve and competitors change with them. Kearney provides its expertise in order to understand relevant evolution of the market players. Identification of the competitors and the key markets dynamics is fundamental to understand how the firm can improve its role, gain market, position differently, differentiate or change the environmental forces. This assessment is conducted with a clear idea of how the integration would enter in the market dynamics and how the competitors would take according initiatives.
- **Capabilities leverage and competitive advantage:** the core of value creation as describe in the section “M&A Strategy” is in the sustainable competitive advantage. The role of the advisor is to assess the integration of the firm’s capabilities and their potential to increase the value of the combined entity. This could be done with increase of scale, improved operational efficiency, better capacity utilization, supply vertical integration etc. (Source: Kearney internal methodology developed by Haas R. and Souied J. 2022).

Operational Due diligence

Once the commercial due diligence is structured, analyst proceed with the operational due diligence that has the goal to assess the integrality of the target’s capabilities, resources and its assets. The assessment is aimed at coeducating the client in the rationalization of what it is approaching to buy and concretizing the operations and architectures that has to be take into consideration for the integration of the target company and so calculating the economic effort and its alignment with deal rationale (Porsgaard 2018). The assessment allows the cooperation and pool of knowledge of all the various stakeholders in order to deliver and integrated, inductive and creative stimulus for rational operative plans (De Grauw 2022). The first assessment is a stand-alone evaluation of the assets to then proceed with integrated scenarios.

Kearney advisory in both the pre- and the post- acquisition, supports the client and reduce the operative integration risk with a sound understanding of the value creation and delivery process (As illustrated in Figure 5), doing so the client avoids the buyer’s remorse with a clear view of what is buying and how to proceed with the deal.

Figure 5: the operational due diligence is a continuous process.



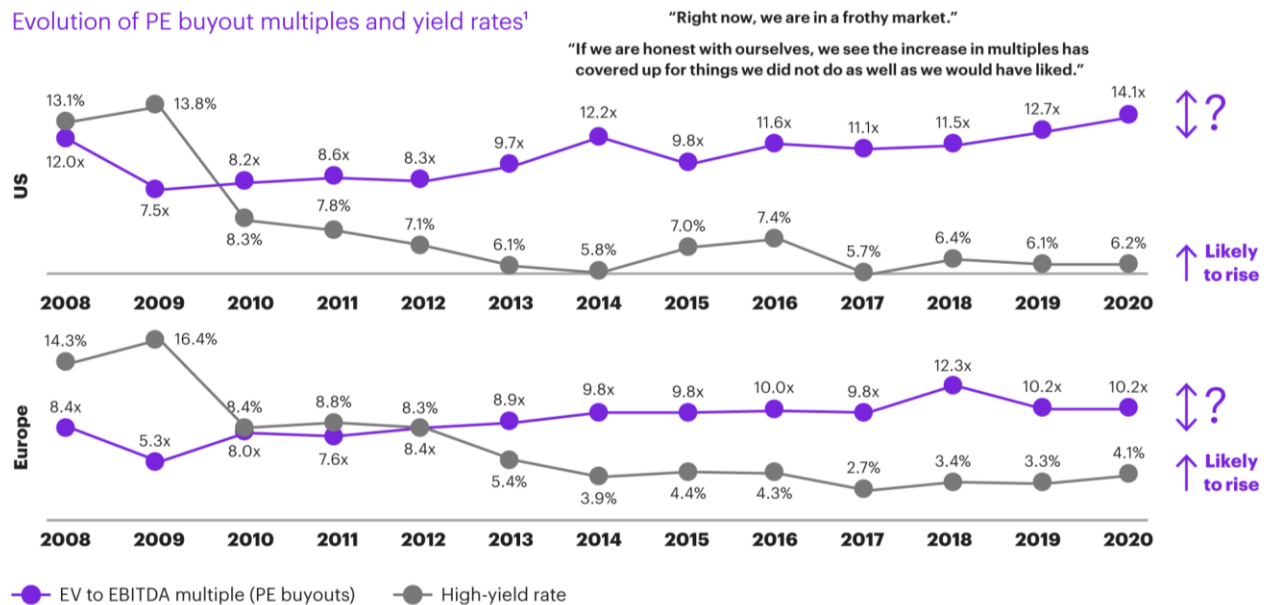
Source: Jasper de Graw et al 2022

Integrated due diligences can preserve advantages in dynamic and competitive M&A industries

In dynamic market for mergers and acquisition, the focus of the buyers should have steeper predispositions towards the value creation across targeted firms. In this section will be described how according to the experience gained by Kearney, there could be a value leakage in deals in which there is not a complete and sound assessment of the integration between operations and IT in the Due Diligence. This theory is supported by Kearney internal data and frameworks, in which the fundamental role of this integrated diligence emerges with a central and value creating embodiment.

After the calm and modest firm half of the 2020, the market of M&A deals increased the volumes of the graphs sustained by a significant deal activity and surpassing the values of the previous years in a upward trend. This inclination had proceeded in the following year and cause to macroeconomic factors like Brexit and the Covid crisis the deal activity, particularly between the Private Equity buyers, has driven the competitions and dynamism of the market. This competing among buyers and the increasing volumes of acquisition has steered towards higher rates the Multiples of earnings of the target companies as it is possible to observe in Figure 6 (Source: PitchbookUS and European EU breakdown, BAML US High Yield Index and Euro High Yield Index).

Figure 6: the increasing multiples and low interest rate are making operational improvement more important to corporate and PE acquirers.



¹ Multiples include LBO transactions.

Sources: Pitchbook US and European PE breakdown, BAML US High Yield Index and Euro High Yield Index; Kearney analysis

The 2020 has experienced a 24% growth in the size of the deals, combined with the incredible (14x earnings) multiples in assets assessments, in particular in tech industries. This incredible and fierce increase in the multiplies pressured the targets and return of LBO deals in the market, moving focus of firm assessment on the operation and efficiencies in order to drive marginal profits and sustain improvement (Source: PitchbookUS and European EU breakdown, BAML US High Yield Index and Euro High Yield Index supported by internal Kearney assessment).

The pandemic has underlined the central and trending position of digital competences, automation processes and alternative distributions. In this market repositioning, digital capabilities repositioned in an emerged core relevance opening the road for market advantages and efficiency between operation and digital competences for an improved customer service. As consequence the role of an integrated due diligence of operations, digital and IT assume relevance in the assessment of arising risk and value creation strategies in the integration of firms. The digital market trends and high valuations are pressing returns and managers on efficiency practice. As illustrated in the Figure 7 the reality of digitalization has not positioned in line with market’s needs (Source: Kearney integrated by World Economic Forum 2017, Fujitsu Digital Transformation 2018). To respect the return desired by the market, managers should have higher margins with respect to previous years.

Figure 7:



Source: World Economic Forum 2017, Computer Week, Korn Ferry, Gartner, Fujitsu Digital Transformation Surveys (2018-19), Kearney

The role of diligences in the efficient value creation and profits

The role of operational due diligences acquires a double-faced role. On one side the diligences provides a safe approach in the integration of operations and diminishes risks, on the other it assesses improvement opportunities.

The assessment enters into the details of target's operational resources and capabilities and judges the characteristics that in an architectural strategic framework could integrate in the firm's business to avoid costly and unpleasant activities in the post-acquisition. This evaluation has its focus on practices like manufacturing in which are inspected capital expenditures in order to have a clear idea of the reliability of the operations and the future planned investments in it according to integration plans.

Diligences in fact are the base for the confirmation of investments to encounter the growth planned by the strategy of the acquirer in the acquisition. It is taken into consideration the set-up of the target firm and it is casted every single constrain and barrier. This includes the assessments of cost as Selling, General and Administrative costs to have a clear idea of the capacity of scale integration, to understand the ability of practice like management and procurement in dealing with merged volumes or its integrability with the acquirer's models in order to derive efficiency. Kearney as the due diligence advisor enters in the detail of operational and overhead costs to understand if past acquisition where integrated with sound investments or not, understand the business operating unit singular efficiencies or cost improvements. It is assessed the IT system that could have been overcomplicated and may need simplification or the integration with other firm areas. Kearney provides the client a complete advisory of the investments needed in the post-acquisition, in order to deal with the operating model and underpin growth and sustainable capabilities according to the deal rationale and the investments needed for the fit-for-purpose IT.

The consulting firm conduces research in order to benchmark operational measures comparing the target to the industry peers to observe improvement keys with an upside perspective, capturing opportunities the firm has not already acquired. This study is the incipit for the recognition of inefficiencies, but it will be the integration of operational expertise the processor that defines the root cause as the misalignments of sales strategies and inadequate operations.

Kearney due diligences for operations will be the basis for the value creation plan and avoid the initial lacunas of the post-integration starting with a solid momentum underpinned by solid operational diligences and strategies. This assessment is usually integrated into broader synergies research that

operate in the whole private equity portfolio (when dealing with funds) and structure buy-and-build plan with strategies for future selling structures. (Source: Kearney internal material developed by Fumo A. et al 2021).

IT and Operational diligence integration: Kearney's approach

As it was described above the emerging digital trends are now core forces stressing the relevance of the integration of IT digital diligences in operational ones with more and more businesses taking online inclinations. The research is sustained by the study of potential saving, understanding which technologies are core in the operational cost management process and in the delivery of products and services and the calculation of investment needed in terms of capital and time.

An integrated IT and operational diligence process is apt to research potential roadblocks, that could be source of the company's capital spending disruption and have reflections on the management processes. This assessment is kicked off by the evaluation of the current IT structure of the company with scenarios of the merged need of the entity in the post integration business plan.

Kearney integrated diligence proceeds in a structured methodology is apt to assess "every single line of P&L statements" in order to consider all the relevant factors conflating in the profitability ratios. The approach developed and consolidated by Kearney will research for potential efficiency levers, calculating the benefits as support of the initial M&A strategy and deal rational and optimize operations. (Source: Kearney internal material developed by Fumo A. et al 2021).

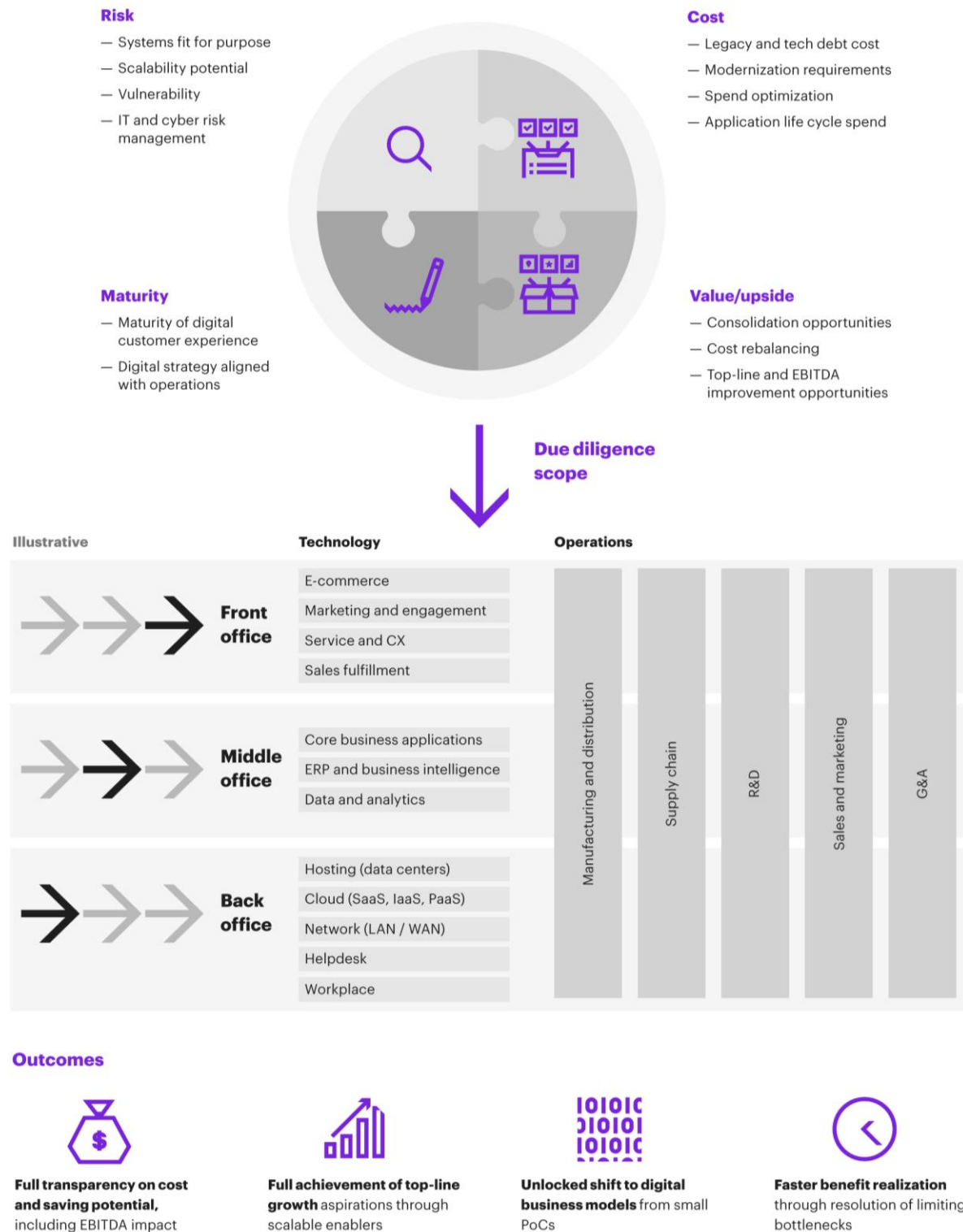
Figure 8 features key focus areas to include.

Figure 8: the integrated IT and operational diligences of Kearney focuses on the relevance of risks and value potential across the target. Source: Kearney.

Value protection Assessment of risks to achieve the business plan	Value creation Evaluate full potential for margin and EBITDA growth	Growth platform Enable business and operations scalability
Key focus areas		
<ul style="list-style-type: none"> – Effectiveness of organization in meeting targets – Maturity of core operational processes by area – Management’s operational performance, strengths, and weaknesses – Cash flow downside and actions to mitigate risks such as: <ul style="list-style-type: none"> – Catch-up capex – Cost volatility (for example, commodities) – Technology disruption – Loss of volume – Fit for purpose of the technology and supporting systems across operations 	<ul style="list-style-type: none"> – Benchmarking of cost base against industry peers – Evaluating productivity opportunities in G&A, manufacturing, supply chain, procurement, IT, and so on – Margin improvement through: <ul style="list-style-type: none"> – Pricing optimization – Cost takeout – Synergies – Cash improvement – Operational improvement (for example, capacity utilization, lead times) – Carve-out costs – Use of modern technology, automation tool, and cloud adoption to drive efficiency and reduction in costs 	<ul style="list-style-type: none"> – Ability to successfully serve as roll-up platform – Capacity available and cost required to expand capacity – Future operating cost, capex, and working capital to deliver growth – Ability to deliver plan taking into consideration industry differences and requirements – Ability to absorb future acquisitions as part of a buy-and-build strategy – Mature and scalable IT and digital landscape to support future growth through tech-led business innovation

To conduct the best practice diligences and provide the client the structured proper overview of the target, Kearney has developed a four step methodology that coalesces risks, costs, benefits and maturity (Figure 9). The complete structure for the target’s IT system comprehension is completed applying this 4 four step methodology to back- middle- and front- Offices functions.

Figure 9: The due diligence of Kearney assesses target capabilities across front-, middle- and back- office functions to provide the clear understanding of the IT and digital panorama of the firm and potential.



Source: Kearney analysis

Risk: The exercise in order to assess the target's IT system and its alignment to the purpose starts from the risk inspection. The consulting firm tries to understand whether the running hardware and software are obsolete or there are some barriers that obstacle change or jeopardize the continuum of operations. The acquirer in acquisition process asks to provide an assessment of the potential future capacity and if the system has the basis for scaling with the growth plan, improvements, horizontal and vertical integrations or data protection issues.

Cost: The cost area starts with an evaluation of operative costs and capital expenditures inclined toward managing obsolescence and maintenance of IT systems and development of up-to-date applications. The impact on equity of this expenditure is compared to industry peers taking into consideration the tech debt of the company, the investments needed to align to the required capacity and quality. It is assessed how the firm compares in the market both from a % expenditure on sales and the quality of software in use in order to make a isoperimeter assessment.

Maturity: The theme of the digital maturity of technologies act as a complementary measure of cost and risk. This assessment take the angle of a higher view that research contextual trends and forces in order to understand the key success factors. Kearney engages the internal expertise that with industry knowledge builds the assessment of the disruptive forces and the contrasting investment plan in order to subsist the digital maturity in all the aspect of the value chain.

Value: To have the complete view of the IT system the firm takes an economic assessment of the potential opportunities for synergies and technology value creation. The strategic rationale of the deal is at the base of the "Value" area and opportunities aimed at the consolidation of the IT system in order to optimize the IT baseline of costs and drive up profit margins.

(Source: Kearney internal material developed by Fumo A. et al 2021)

To conclude in a world of rising M&A volumes and market dynamism, the role of the Due Diligences supports the client in both the minimization of integrating operations costs and in the research of levers for increase of profit margins, pressured by the high multiples markets. It was presented the role of integrated Operational and IT Due Diligences and the approach used by Kearney supporting the clients in a market moved by post-pandemic digital trends. The arise of the necessity to integrate IT assessment in the operational due diligence will support equity funds and firms to deliver the promised return and

sustain competitive forces and advantages. Kearney due diligences enter into the details of business with structured methodologies and passion to deliver the best in class advisory for which it is known.

5. Academic contribution of the training

After having described my role and task as an intern and having illustrated a project that an intern could participate during the first period in the firm, this section is focusing on the contribution of the teaching of my academic studies and how they helped to face my internship challenges.

Academic contribution of the training

Reasoning on the contributions of my academic studies I personally state the core role of my academic studies in the daily work. What I regard as invaluable is the mind set predisposition and reasoning methodology that the academic formation contributed as the combination of various, broad and structured courses and stimuli. My general management and business administration bachelor worked as a solid base in which more sophisticated, detailed and insightful educational paradigms installed a critical, analytical and detail-oriented quantitative architecture. The master in Finance at Ca' Foscari University together with the BFA master (International track) of Université Paris Dauphine – PSL acted as the main contributors of my analytical approach. The ability of financial statements analysis derived from the various courses proved their efficacy supporting the underpinning skill of “reading numbers” and “translating” them into business inputs or as sources of insight. I will describe some of the academic contribution I consider more core in the management of the activities of my internship.

As described, the typical project in Kearney starts with the understanding of the business of the client and it is done with rigorous financial assessments of the statements. In this the skills and methodologies acquired in the master have proven to be best in class academic contribution and leveraged my analytical thinking. As learned, I used statements as a tool in order to assess performance and used them as lens in order to understand anomalies. This analytical and detailed approach was acquired more specifically during the “Business Simulation and Entrepreneurship” held by M Reinoso. The course is the one that as I said brought me into the consulting track and together was the main source of academic material that I translated into operative daily tasks during my internship. The course is constituted of a simulation, in which groups of students acted as consultants to advise the client in the acquisition process of the target company (M&A due diligence and financial assessment). The professor has scheduled weekly operational interim meeting in which the team was discussing with the manager (M Reinoso) doubts or insights from the work done. The structure of the course was a clear representation

of the work that I carried during my internship and the knowledge and capabilities acquired during it supported my in the initial challenges of the job. Important financial and consulting skills acquired in the course were enriched of professional experience of the internship and constitute now the solid capabilities I use daily as a consultant.

The framework of skills acquired during the business simulation course, demonstrated to be more effective when integrated by the theoretical paradigms of the “Corporate Strategy” classes of Mme Gannage. I had the opportunity to deep my curiosity of strategies and techniques to develop advantages in competitive market, preserve profitability, corporate structures and resource and capabilities assessments. The theoretical origin of the course proved to be very effective during my internship and well represented the assessments methods used in real strategic projects I collaborated with.

Beside all the theoretical and hard assessment skills acquired I would stress the core place that the “Leadership” classes of M Reinoso had when dealing with daily personal and professional challenges. From the very first class, the professor has build a professional managerial course including social, negotiation, personal management and leadership soft skills. The framework the professor contributed with, was the source of the client daily relationship management, from the ability to improvise and stress management in everyday challenges, to the ability to understand “who is in front of you”. The latter I personally think was one of the most helpful soft skills that I learned during the “negotiation” module of the course. It was core in my internship in which, even if I had no experience with client management I was given the responsibility to structure my own work and interact with clients and experts. As I was taught in the course I prepared myself understanding the position of who I had in front of me and so adapt the level of details and language, the character, the way someone responds to what you say, what he/she knows and his/her level of knowledge, the type of information he/she possessed and understanding his needs. In all projects and meeting this proved and exceptional preparation.

6. Conclusion

The objective of this paper was to illustrate the career choice I have made and why I have chosen a consulting track to enter the job world, what I found in this experience. The paper has opened with and illustration of the company that hosted my internship and the market in which it operates. It followed the description of the type of tasks I was asked to perform, illustrating in the “Academic research” section a topic I found of particular interest. The assessment has been enriched by the reflection of the teaching of my academic studies and how they helped to face my internship challenges.

This chapter is then closing with an assessment of the work done and a reflection of my professional projects, career in the long run. I will take with the power of insight an analytical view of the reason that brought me in a Strategy Firm, what I learned about my working persona and how this develops my job orientations.

Assessment of the work done and Career perspective

After having described the forces and academic inputs that have driven me toward a strategy consulting path to enter the job world and after having depicted what I found as an Intern, in this section I will reason on the contribution that this experience provided me and how I will integrate this learning to adapt my personal career decision.

The internship was source of dynamics, unbridled stimuli and abundant knowledge. As anticipated in the first section I choose an internship in strategy, and especially in Kearney, because I was looking for high-level services, state of the art resources and methods, vastitude of opportunities, project and clients and for the reputation of the company culture. I found them all. I learned how to be a professional, efficient and esteemed worker, I absorbed the generous teaching deriving from working with seniors and CEOs, I consolidated what has been thought me in the University and I understood the importance of colleague relationships and culture.

Various. Dynamic. Analytical. The consulting job I learned has almost no limits in the variety of projects you can deal with in the industry because, as described, it can take space in almost all the complexities of the industries a firm works with. These characteristics makes me perceive the job as somethings that will always have mutations, new challenges and new clients. I consider myself very curious and the job matches perfectly the personal inclination I have toward problem solving. It assembles the assessment of task from both the financial, quantitative side to the more creative intuitive, inventive perception of the actions. It also gives the opportunity to have a lot of interaction with client and for sociable personas like me it has strong relevance. This interaction and variation of the single projects is stimulus for the steep learning curve you scale as a junior and that continues even with more seniority. This framework of opportunities confirmed to be a great match with my personal and for what I am looking for as the beginning of my career, but I felt that in the long run may not be the ideal career path. I have assessed with a critical eye how the type of job varies with the seniority in Kearney and similar strategy consulting firm as McKinsey and Bain. I felt like the VP's and partner's daily job is not something I see for my persona, while I would prefer closer relationship and ownership of the projects I deal with. Despite the opportunities of learning and engagement of knowledge this advisory role has, it does not confer you

ownership on what you do. As a junior role I consider it a source of formation, but I would like to enter into the details of what I do and follow the implementation and concretization of strategic plans. For this reason, I personally think in the long-run I would consider different positions, e.g. Private Equity roles, in which it is possible to have variety of projects and similar task but a closer eye to the strategies of the firm portfolio or Corporate managerial roles.

I learned about what I personally consider core in the assessment of a job position. I have understood that I care not only in “what” I do but also in “how” I do it. Kearney welcomed me as part of a down-to-earth, creative and friendly team. As I illustrated above, Kearney cultures is promoting the opinion of everyone in the firm, eliminating vertical role impositions and stimulating self-liberation of ideas. I did not imagine the core and fundamental role this aspect has in the working environment. I know consider it one of the most important factors when assessing a job. People. The people you work with, the type of clients, the pressure and imported stress are factor that influence the quality of the work and my inclination toward the passion I insert in what I do. This was the key element in the considerations I made toward the application in other more prestigious strategy companies like McKinsey, BCG, Bain. I have considered the opportunity to enter these companies, but after the assessment of the relevance of the company culture I understood that I would not have found the same as in Kearney or other realities. The fact of being a smaller company also allow you to know almost everyone, consolidate differently the relationships and create your position inside the firm.

To conclude the strategic consultant analyst matches all the characteristic of the type of job to give me the opportunities of professional self-development I need as a junior but in the long-run the role will reduce suitability with what I personally think will be the future personal needs in my career path and the objectives of a greater ownership of the activities. I consider this role as unique opportunity to develop the professional figure I planned for my future and I confirm the choice to continue in strategic advisory positions as above described but as I was taught in the “Leadership” course I will always keep the focus on who I am and what I need for myself. When entering the job world, I noticed that it is easy to be confused by the dynamics of the everyday life and to forget the long run personal objectives. I will have a particular inclination towards personal understanding of my needs and the assessment of opportunities to adapt “strategically” my career according to it.

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