



# How Diligent Is Your M & A Due Diligence Investigation?

Insights

3.28.15

Due to employers' understandable aversion to paying legal fees, they often wait until something goes wrong to avail themselves of counsel. That's regrettable because guys like me with over 30 years of specialized experience prefer to assist clients in avoiding problems and using human capital to succeed. Despite the huge sums paid to lawyers in M&A transactions, many due diligence efforts are rote and ineffective with regard to labor, employment, and especially safety concerns. There are recognizable standards and guides to environmental due diligence but safety due diligence efforts seem to flummox even solid law firms and consultants.

The safety due diligence efforts focus on injury and illness data, OSHA citation history and EMR or other workers comp numbers. These are lagging indicators and tell you almost nothing about the compliance and safety culture of the target company. Even worse, focus on these items and supposed benchmarking with other companies can distract the purchaser from the real meat. Not only may the purchaser miss costly items, they hinder the crucial post purchase integration efforts.

So it was with pleasure that I agreed to participate in Environmental Resource Management's (ERM) balanced seminar at Georgia Tech next Tuesday (March 31) to discuss the safety issues along with ERM's professionals' explanation of environmental issues.

Information on this timely session can be found at [ERM's site](#).

Topics include:

- Hidden Risks - Understanding ESG (environmental social and governance) matters as part of an acquisition.
- Safety Due Diligence - Know what systems, culture, and risks you are acquiring. How to develop the right scope to strike a balance.
- ASTM Phase I ESA Data versus Early Diligence and Critical Analysis of Possible Risks and Liabilities - How to gather the right data so that leadership can make good decisions in a timely manner.
- Post Merger Integration - Addressing identified EHS risks and making the most of the EHS opportunities following a merger or acquisition.

If you do a proper due diligence into not just safety programs, but also into culture, history, and integration, you'll not only gain a better picture of the costs ahead, but lay the foundation for later integration efforts. Many integration efforts are haphazard and driven only by efforts to achieve cost savings. Is that really how you want to integrate acquired companies? What happened to using the best of both companies? Is safety just one more item to check off or do you want to incorporate it into Lean manufacturing efforts and as a way to assimilate and engage employees?

I'll write more on this topic in the future, but in the interim, attend the conference if opportunity presents.

Howard

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