



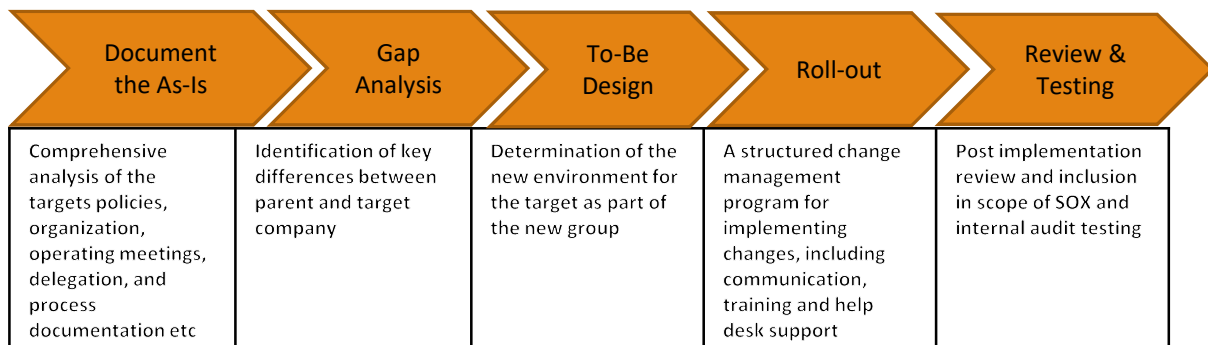
Governance and Organization

Governance relates to the processes and relations by which the company is controlled and directed. Following M&A, the target company will fall under the governance of its new parent, and while the degree on integration may have some bearing to the depth, the overall parent governance framework will be expected to be rolled out during the PMI phase.

Area	Description
Philosophy	The overarching code of conduct, values and ethics that management have decided to operate by and which drive the tone and culture of the organization
Enterprise Risk Management	The organizations overall assessment of risk, level of tolerance and related goals or commitments
Compliance	Procedures relating to adherence to both parent and local laws and regulations, and those standard industry practices., such as corruption, money laundering, environmental, discrimination and harassment etc
Organization	Formal and informal reporting lines within the business arranged around entity, geography, function, sector or product
Delegation	The levels of authority which different levels of management can approve different types of transactions and those where higher management referral is required.
Reporting	Fiduciary financial reporting and management reporting of performance, compliance and ERM KPIs
Controls	Transaction level internal controls embedded in business processes, including reviews, approvals, segregation etc

Approach to Governance during PMI

The approach to governance during PMI usually follows the simple change project structure below. If the as-is position is known from due diligence then this should speed things up. Governance processes are complex, and a pragmatic approach is recommended, avoiding too many changes at once. Roll-out should be supported by a detailed communication plan and top to bottom training and champions embedded or helpdesks provided to smooth the transition.





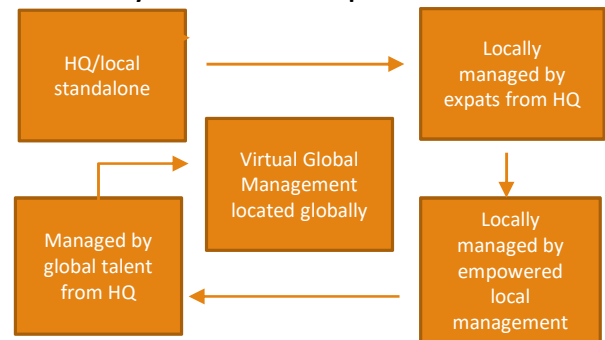
Organization Design

When it comes to consideration of organization design, the most common mistake is to begin drawing structure diagrams and reporting lines. However, in the best designs such diagrams should be one of the final things to do. An organization is the living body of the group, reflecting its strategy, aligning management to common goals with clear accountabilities. It should encourage teamwork, information flow, and speed in decision making. Structurally it can be pyramidal or a matrix (across either location, function, or business). No one size or design fits all, and each come with differing costs and benefits.

Should focus	Should not focus
Company strategy, culture, DNA	Charts and structures
The future (where you want to go)	The past (and present)
Management alignment	Boundaries/silos
Metrics to achieved	Rule to be complied
Information sharing	Hierarchy

Organization purpose	Design Factors	
Co-ordination	Strategy	
Accountability	Operating model	
Information flow	Legal compliance	
Decision making speed	People	Talent
		Empowerment
Harmony		Metrics

Organization structures evolve as you move to become a truly Transnational Corporation



How we can help

Crossborder PMI Advisors supports its clients in all aspects of governance and implementation support as follows:

- Governance due diligence
- Risk and compliance assessment
- Corrupt practices, anti-money laundering investigation
- Organization and governance design
- Governance implementation management
- Governance help desk support
- Financial and management reporting implementation
- Fast close projects
- SOX documentation support
- Internal audit support

For further information or RFP, please contact us at: info@xbpmi.jp

Crossborder PMI Advisors

Tokyo Sankei Bldg, 1-7-2 Otemachi, Chiyoda-ku, Tokyo, Japan 100-0004

Tel: +81-80-6626-9525

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