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Untangling complex business tie-ups

EXECUTION SPECIALISTS GROUP HELPS COMPANIES MANAGE MERGERS

In mergers and acquisitions of big companies, the bankers and lawyers who put the deals together are not the ones who have to make them work, says the founder of Denver-based consulting firm Execution Specialists Group (ESG).

Mark Newhall, founder of ESG, is the guy companies call after the M&A contracts have been signed. They want his insights on how to organize and blend the newly merged companies so they don't waste time.

"With any large firms that come together, it's the underestimation of just how complex it is," Newhall said. "Some of them get caught on systems. Many get caught on culture."

In 2016, Forbes named his company a "top management consulting firm," and in March, ESG was recognized by Florida-based Office Depot Inc. (Nasdaq: ODP) for three years of work following its mega-merger with OfficeMax.

Newhall opened ESG eight years ago after he helped grow the Dutch company Corporate Express from \$40 million into an \$8.5 billion company as its vice president of global strategy. In 15 years, Corporate Express acquired more than 600 companies.

"My job was [to figure out] how you put 600 companies together to create one customer experience, one value proposition across 28 countries and 50,000 employees," he said.

In 2008, Corporate Express sold to Staples Inc. (Nasdaq: SPLS) for \$2.6 billion.

"For me, that was a 15-year project,"



Mark Newhall, founder of Execution Specialists Group. The firm provides insights on how to organize and blend newly merged companies.

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Newhall said. "We built a company and did what we were supposed to do."

After the sale, he left the company. Then, he got a call from Michigan-based Gordon Food Service, a privately held company and the third-largest food-service distributor in North America. The company had made acquisitions in Canada and wanted counsel on folding in the companies it had purchased.

Newhall was reluctant. He worried that he didn't know the food business, but he took a meeting with them.

"About three weeks into it, I had an A-ha moment," he said. "There is a business here – putting these kinds of businesses together is an acquired skill set."

He realized that no matter what the industry, businesses that merge need to figure out how to organize people and how to motivate them. He knew how.

By 2016, ESG had worked with 50 of the world's largest companies, includ-

ing a three-year gig with the teams at Office Depot and OfficeMax, which merged in 2013, but just recently completed the integration.

"Throughout three years of change, ESG remained a constant," said Rick DiMaio, vice president of distribution for Office Depot Inc., the combined company. "We recognize that the synergy with ESG has been crucial to our smooth integration of Office Depot and OfficeMax."

This year, Newhall expects to focus on working more with private equity firms, who are funding the acquisitions. They want speed and they don't want to waste money on a learning curve.

"Part of my role is to be extremely objective, functionally neutral between the two companies," he said. "That is the big part of what we get counted on for – we come in and evaluate what is the thinking and what are the outcomes you want and when."