

CONTENTS

Executive Summary	1
Why this Guideline?	1
Chapter 1 - An Overview of Process Safety	3
Chapter 2 -The Merger and Acquisition Process	5
Chapter 3 - Screening Potential Candidates	7
Chapter 4 - The Due Diligence Phase	9
Chapter 5 - Developing the Integration Plan	13
Chapter 6 - Implementing the Integration Plan	18
Chapter 7 - M&A In The Future	22
The Appendices	24
1	27
An Overview of Process Safety	27
1.0 Courtney's story - continued	27
1.1 Why this Guideline?	28
1.2 Understanding the basics	31
1.3 Hazard versus Risk - Is there a Difference?	32
1.4 Good Injury Rate Does Not Equal Good Process Safety Performance	34
1.5 Understand the Hazards of Chemicals Handled on Site	36
1.6 Don't forget about the Dust Explosion Hazard	40
1.7 Unique Considerations at Facilities that Handle HHCs	41
1.8 Resources for Process Safety	43

247

The Merger and Acquisition Process47

- 2.0 Courtney's story - continued..... 47
- 2.1 Changing World of Corporate Profiles 48
- 2.2 Overview of the M&A Process 49
- 2.3 Scalability (big/small; single site verse multiple site deals)
..... 52
- 2.4 Key Terms and Concepts..... 53
- 2.5 Process Safety in the M&A process..... 57
- 2.6 Financial Strategists can have high impact on process safety
systems 60

363

Screening Potential Candidates.....63

- 3.0 Courtney's story - continued..... 63
- 3.1 Using Public Domain Information for Screening..... 64
- 3.2 Using a Checklist to Identify Potential Process Safety Issues
..... 74

477

The Due Diligence Phase77

- 4.0 Courtney's story - continued..... 77
- 4.1 Introduction..... 78
- 4.2 The Divestment Due Diligence..... 81
 - 4.2.1 The Checklist..... 82
 - 4.2.2 The Internet and Intranet Searches 82
 - 4.2.3 Pre-site Visit Review..... 83
 - 4.2.4 The Due Diligence Site Visit and Document Review 84
 - 4.2.5 Vendor Due Diligence Report 87
 - 4.2.6 Valuation 89
 - 4.2.7 Data Room..... 91
 - 4.2.8 Question and Answer Management..... 94
 - 4.2.9 Reverse Due Diligence 96
- 4.3 The Acquisition..... 97
 - 4.3.1 The Internet Search and Initial Data Gathering 99
 - 4.3.2 Vendor Due Diligence Report 100
 - 4.3.3 Data Room..... 100
 - 4.3.4 Due Diligence Valuation for Bid..... 103

4.3.5 Pre-site Review.....	104
4.3.6 The Site Visit and Document Review.....	107
4.3.7 Due Diligence Report and Valuation.....	110
4.4 Did the Deal Close?	114
5	117
Developing The Integration Plan	117
5.0 Courtney's story - continued.....	117
5.1 Developing the Integration Plan and Process	118
5.1.1 Step 1- Establishing the Boundaries for the Integration Process (i.e. Establishing the Integration Strategy)	120
5.1.2 Step 2 – Establishing the Expectations for the Process Safety Program	124
5.1.3 Step 3 – The Process Safety Integration Team	127
5.1.4 Step 4 – Assessing the Gap between the Current Approach and Expectations	131
5.1.5 Step 5 – Developing the Action Plan	136
6	153
Implementing the Integration Plan.....	153
6.0 Courtney's story – continued.....	153
6.1 A Generic Change Model.....	154
6.2 The Integration Path Forward	160
6.2.1 Step 1 – Get the 'hearts' of the newly acquired business leads to accept the Vision and Strategy for the integration process.	160
6.2.2 Step 2 – Appointing and chartering Integration Implementation Teams	161
6.3 An Alternate Bottom-Up Approach to Integration.....	175
6.4 Differences Between Facilities, Business Units	178
6.5 Step 3 - Working Through the Implementation Itself	179
7	185
M&A in the Future.....	185
7.0 Courtney's story - continued.....	185
The Appendices.....	193

Appendix A – M&A Process Safety Checklist	193
.....	
M&A P.S. CHECKLIST – COMMERCIAL EVALUATION PHASE ...	194
M&A P.S. CHECKLIST – THE M&A TEAM.....	201
M&A P.S. CHECKLIST – DATA ROOM INFORMATION	203
M&A P.S. CHECKLIST – PLANNING THE SITE VISITS	217
M&A P.S. – ISSUES TO BE INVESTIGATED DURING THE SITE VISITS	219
M&A P.S. CHECKLIST – PROCESS SAFETY ISSUES TO BE CONSIDERED.....	235
M&A P.S. CHECKLIST – ASSESSING MAJOR HAZARD RISKS	241
M&A P.S. CHECKLIST - PROCESS SAFETY MANAGEMENT & CULTURE	245
M&A P.S. CHECKLIST – PROCESS SAFETY STAFFING ISSUES...	253
M&A P.S. CHECKLIST – HAZARD IDENTIFICATION ISSUES TO EVALUATE.....	255
M&A P.S. CHECKLIST – MANAGEMENT OF CHANGE ISSUES TO INVESTIGATE.....	257
M&A P.S. CHECKLIST – MECHANICAL INTEGRITY ISSUES TO INVESTIGATE.....	261
M&A PS CHECKLIST – PROCESS SAFETY ISSUES TO EXAMINE	265
M&A PS CHECKLIST – PROCESS SAFETY PROCEDURES TO EXAMINE.....	267
M&A P.S. CHECKLIST – P.S. AUDIT ISSUES TO CONSIDER.....	271
Appendix B – An Exemplar Integration Plan & Budget.....	273
GUIDANCE FOR USING THE PLAN AND BUDGET SPREADSHEETS	275
AN EXEMPLAR INTEGRATION PLAN	279
EXEMPLAR INTEGRATION BUDGET	301
References.....	309
Index	313