



## Five ways to get more value out of M&A through post-acquisition integration

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### Life after the deal

The importance of post-acquisition integration planning as part of the deal process is well recognized by today's business leaders. In practice, however, it is clear that when applying this to a real-life transaction, there is still too much focus on the buying process and not enough on what the end result should look like.

Without an integration checklist and timeline that details the steps your company will take during the months after closing, you lose critical time performing key tasks that can optimize the value of the target and help avoid deal failure. In a recent study by the Economist Intelligence Unit, 48% of the 350 senior business executives surveyed said post-acquisition integration planning is the most effective strategy for mitigating execution risk in cross-border transactions.

In our experience advising global companies during the post-acquisition process, some companies try to integrate too quickly, without giving enough thought to issues like the most tax efficient way to structure the integration or how the acquired products and services will fit into their business strategies. Other companies delay integration for such a long time they miss out on immediate cost savings or the positive impact it can have on their business cultures.

# When developing an integration plan, achieving a balance that works for your organization is important. Here are five tips to make the process more successful.

1. **Establish clear objectives.** The first question any acquiring company needs to ask itself is, What are we trying to gain from this acquisition? Is it entering new markets? Expanding our customer base? Acquiring new supply chains? Achieving greater synergies? What is the desired end result? The answer to this question will serve as the focus for your post-acquisition integration plan.
2. **Start early.** The sooner you can create an integration plan, the better. In an ideal world, companies would plan the integration during the due diligence phase to take advantage of the information the deal team has gathered about the target's key markets, operating model, business relationships and talent. Starting early helps avoid trying to duplicate these efforts after key people in the target company have left and the deal team has moved on to other prospects.

But if you can't start early...

3. **Establish a "clean-team" structure.** With many deals subject to increased antitrust scrutiny and approval requirement, establishing a "clean-team" structure to plan the integration in parallel with the regulatory process can achieve significant benefits in major acquisitions of competitors. In the case of an auction process, making sure your deal team doesn't move on without providing input on the integration plan immediately after closing—or even better, signing—will help you avoid losing critical information during the transition.
4. **Focus on key markets.** Another shortcut when under time or resource constraints is to focus

your planning efforts on the integration of target subsidiaries in key markets. To determine which markets to tackle first, ask yourself these questions: Is integration time-critical in this country to maintain a competitive edge? Which business lines or countries will give us the biggest synergy impact? And what local HR, finance, IT and tax resources does the target have to help plan and execute the integration?

5. **Keep the target's employees in the loop.** One of the biggest risks acquiring companies face is losing valuable talent. Without ongoing communication that informs the target workforce of your business objectives and how they fit into the picture, the best talent is likely to leave for competitors, creating additional recruitment costs and a loss of institutional knowledge that makes it more difficult to implement your integration plan.

Trying to think of everything you must do to make a deal successful isn't easy, particularly when you're in the middle of negotiations. But taking the time to create an integration plan as early as possible and involving the deal team gives you a much better chance of delivering the shareholder value you were seeking in the first place.