

Merger Integration 2.0 – ‘Unfinished Business’

“We often are called in years after a merger to address lingering integration issues.”

Why is it that companies still have multiple technology platforms or processes that vary by region or area? As consultants, we often hear that the differences exist from a merger that happened five or ten years ago.

This doesn’t have to be the case. And, companies that have lived with incomplete mergers have left considerable value on the table.

To be fair, mergers take a considerable amount of management attention and manpower to pull off...

- First, there is the due diligence activity and deal structuring to reach an agreement and satisfy regulatory authorities.
- Then there is the pre-merger work to prepare for Day 1 and initial capture of merger synergies.
- This is followed by the laborious work of aligning systems, processes, structures, models, etc. This work can take months if not years.

It’s totally understandable when management wants to wrap up the merger integration activities and move on to running the business. Equally, it’s understandable when teams call it “good enough” and leave key integration activities unfinished.

However, we believe there is still considerable value on the table both in terms of frictional costs as well as value boosting

opportunities. Once the organization has had a chance to catch its breath and better understand what has been acquired, we recommend a *Merger Integration 2.0* effort.

Value Opportunity

With a deeper understanding of the assets, customer relationships, and capabilities of the combined entity, a team should be challenged to develop a program to capture strategic growth benefits from the merger above and beyond that achieved in the first wave. This could take the form of better leveraging joint technologies / technical skills, capturing additional customer share of wallet, further rationalization of assets and the like.

Frictional Costs

This second initiative area focuses on...

1. Closing the any gap in target synergies capture,
2. Identifying and addressing additional frictional costs,
3. Taking process and practice standardization to the next level.

Ultimately, *Merger Integration 2.0* truly delivers on the value promise of the merger.

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Lion & Stutz is dedicated to assisting companies to achieve their full potential through practical solutions. Our size ensures that experienced consultants are personally involved on a daily basis.

