

A MATTER OF APPROACH: AVOIDING M&A PITFALLS

Reap Reward, Not Risk from Your Team's Integration

A sound M&A strategy, supported by due diligence, does not translate automatically into a successful merger or acquisition. How you approach the initiative can make the difference between success and failure.

Managing the integration of two companies is extremely challenging (recent research finds [up to three-quarters of mergers and acquisitions fail](#)¹). But it is not impossible. Whether you're leading the integration of your function or of the combined organization, you can prevent disappointing results by applying a structured approach to avoid these three pitfalls:



PITFALL NO. 1

Failure to build the right team

As a matter of convenience, companies often assign internal personnel to run the integration. Even in cases where an Integration Management Office (IMO) has been established with additional resources, the functional departments often assign the integration work to members of their team. However, this approach may result in a team lacking the time or necessary skill sets to address the integration's specific challenges. Select personnel may have day-to-day responsibilities that conflict with their new assignment. Or capable, experienced personnel may be passed over in favor of readily available, less experienced individuals.

Internal personnel biases may present another challenge when building a team from within. Internal team members' points of view relate to their current organization or their respective functions, not necessarily to the needs of the new, combined organization. These conflicts can create tension and poor team dynamics.



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1. David R. King, Gang Wang, Mehdi Samimi, Andres Felipe Cortes, "A Meta-Analytic Integration of Acquisition Performance Prediction," *Journal of Management Studies* 58, no. 5 (July 2021): 1198-1236.

To avoid this pitfall:

Understand the integration. Each integration—and each function's integration—is unique. Strive to identify the critical challenges and unique requirements of your integration so you can build your team accordingly. Will the company consolidate operations to gain efficiencies? What organizational culture alignment is required? Will multiple business systems co-exist or be combined?

Appoint a leader. Define the role of integration manager for functional team integration lead. Then select the individual with the skills needed, specifically the unique blend of business, technical, and interpersonal skills. Find a leader who will maintain a balanced perspective.

Be selective. Create a tailored integration team that can dedicate the time and address the full scope of the integration. Match individual knowledge, experience, and ability with the unique challenges of the integration. Avoid compromise and be wary of making choices based on convenience.

Minimize bias. Include personnel from both organizations in the planning process to ensure you hear all perspectives, and uncover, manage, and mitigate all bias.



PITFALL NO. 2 **Lack of Detailed Planning**

Organizations and functions may feel pressured to integrate quickly to meet senior management expectations and realize synergies. In many cases companies prioritize speed at the expense of proper planning, which can lead to disorganized teams, dysfunction, and extended integration timelines. Often integration teams are asked to execute based solely on a few milestone dates that were created early in the initiative when the necessary data and knowledge did not exist.

Moving forward without a detailed integration plan carries great risk, including lack of organizational alignment and failure to work on the activities that matter most.

To create an efficient integrated organization, consider cultural differences early in the planning stages. Both organizational and department cultures should be addressed and built into integration activities. Establishing sustainable operations is key to realizing the growth objective of the integration, and, without a thoughtful plan for how to achieve a unified culture based on personnel buy-in and understanding, this

establishment can be difficult or impossible. Plan for change early and often.

Lastly, ongoing operations are an often-forgotten aspect of integration planning. An integration is arduous, and trying to do too much, too fast can cause major disruption to the current state, particularly as it can distract key resources from day-to-day operations. Failing to manage and sustain operations during a period of dramatic change can result in missed product launches, delayed regulatory submissions, duplicative reviews/approvals, and out-of-control costs.

To avoid this pitfall:

Define success. The expectations for each integration are different. Strive to understand and document the expected synergies and underlying assumptions. As defining requirements is a key to building the team, defining the objectives and deliverables of the integration is a key to successful planning.

Think it through. Break down the work to integrate each team. Determine the interdependencies and develop a comprehensive schedule. Vet the schedule with key stakeholders to ensure the pace of change doesn't overwhelm the function or organization.

Manage the business. Sustaining ongoing operations during stressful times must be part of the integration plan to ensure that each business is meeting internal and external expectations. Ensure that team members designate sufficient time to support integration plans.



PITFALL NO. 3 **Inadequate Communications**

Integration success hinges on effective communication to internal and external stakeholders, all of whom have unique interests and needs. Lack of quality communication can breed significant risk within the integration. The causes are varied and may stem from trying to maintain confidentiality as the integration ensues, a lack of decision-making, or poor planning. Inadequate communication also may cause personnel confusion or negative attitudes, creating risks to maintaining ongoing operations. Employee turnover, customer attrition, and delays in completing the integration in a timely manner are just a few of these risks.

To avoid this pitfall:

Stay ahead of it. Be proactive and thorough in defining communication requirements for each stakeholder group. Create unique plans related to each integration objective of the organization and functional teams.

Stay on it. Continuously monitor integration progress and performance of ongoing operations. Tailor communications to meet the needs of the new organization, and don't be afraid to implement new communication tools to generate the necessary attention.

Be consistent. Establish and maintain a cadence of communication to all stakeholders, and don't waver from the plan. Recognize that sending a message stating that nothing has changed can be valuable.

Mergers and acquisitions integrations can be challenging and risky endeavors. But you can execute them properly by taking a step back and developing a thoughtful approach. The formula may be simple, but success comes down to a matter of approach: building a strong team, developing and executing an integration plan that is aligned with the deal synergies, and planning and providing robust communications.



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